THE EMPIRE CLUB

ADDRESSES 1960-1961

THE EMPIRE CLUB OF CANADA

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ALEXANDER STARK, Q.C.

PRESIDENT OF THE EMPIRE CLUB OF CANADA
1960-61

THE EMPIRE CLUB OF CANADA

Addresses 1960-1961

CANADA AND A UNITED EMPIRE

GOD SAVE THE QUEEN

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EXCERPT FROM "ORIGIN AND OBJECTS OF THE EMPIRE CLUB" PUBLISHED IN THE YEAR BOOK FOR 1903-1904

On November 18th, 1903, a small meeting was held in Webb's Restaurant, Toronto, mainly on the initiative of Lieut.-Col. James Mason, for the purpose of preliminary discussion. The Chairman in a brief speech pointed to the desirability of an organization, following the plan of weekly luncheons, to be addressed by prominent men, or men speaking with authority upon the issues of the day, and having also a distinctive basis of British Unity in its work and policy.

A sub-Committee met on the following day and appointed . . . . . a Committee to draft a Constitution.

The meeting at which these principles and rules were approved and organization effected was held at the Luncheon hour on November 25th, in Webb's Restaurant, with some seventy gentlemen present . . . . after a discussion of various proposed names . . . . The Empire Club of Canada . . . . was approved by a large majority.

THE ROYAL EMPIRE SOCIETY

AND

THE EMPIRE CLUB OF CANADA

The Royal Empire Society of London, England, and The Empire Club of Canada at Toronto were both founded for a single purpose and with a common aim:—The strengthening of the bonds of unity within the Empire. This mutual objective is prosecuted with vigorous enthusiasm by the members of these organizations on both sides of the Atlantic Ocean.

The opinions and views expressed in the Addresses contained in this volume are those of the speakers themselves and do not necessarily carry the full or partial endorsement of The Empire Club of Canada.

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THE EMPIRE CLUB OF CANADA

"THE NEXT DECADE"

An Address by

SIR GRAHAM HAYMAN
Chairman, Distillers Company, Ltd.

Joint Meeting with the Canadian Club of Toronto

Monday, May 2nd, 1960

CHAIRMAN: Mr. Harry H. Wilson.

MR. WILSON: It is well known that Distillers Company Limited is the largest producer of Scotch whisky. What is not generally appreciated—at least on this side—is that D.C.L. employs over 10,000 people in its industrial groups, —producing chemicals, plastics, biochemicals and food products.

Apropos of this, the story is told of a self-made Glasgow tradesman who died a number of years ago leaving a considerable estate, most of it in shares of the Distillers Company. His daughter who inherited was an ardent teetotaller who never ceased to plague her friends with violent denunciations of the evils of whisky. One of them, himself a holder of D.C.L. shares, said: "If you hold such strong views, why don't you sell your shares?" "Och, I've no need to do that. My shares are in the yeast department."

D.C.L. had its growing pains, and the shares did not always enjoy the enviable investment rating they have had for many years. Shortly after formation, in 1877, application was made for registration of D.C.L. shares on the London Stock Exchange. Opposition was encountered, spearheaded by a Mr. Gundry, himself a member of the Exchange.

Fighting a series of rear-guard actions, he sorely harassed the Company's solicitors. No explanation would satisfy him and, when the lawyers sent him the fullest legal details of a revised plan, he wrote back saying that if their letter was a sample of Scottish law, "I thank God that I am not a Scotsman."

The Scottish lawyers sent him the reply which he deserved: "Messrs. Fraser, Stoddart and Ballingal acknowledge receipt of Mr. Gundry's letter . . . and join with him in thanking God that he is not a Scotsman."

Apparently this retort routed the opposition, for not long after a quotation was obtained.

Our guest speaker, Sir Garham Hayman, has been associated with the chemical and distilling industry since the early 1920's. He is Chairman of the Distillers Company Limited, British Tyre & Rubber Co. Ltd., and British Plaster Boards Co. He is a past Chairman of the Association of British Chemical Manufacturers and past President of the Federation of British Industries. In addition to his many business interests, he finds time to play an excellent game of golf.

I have pleasure in presenting to you—SIR GRAHAM HAYMAN—the subject of whose address will be "THE NEXT DECADE."

SIR GRAHAM: First, let me say that this is not my first visit to Toronto. I have, however, just completed a brief trip, starting from Vancouver, and visiting a number of intermediate cities for the first time. Even during this short period, I have received indelible impressions of beautiful scenery, and above all, of robust and attractive people. Since 1945, you have received over 1,000,000 British emigrants—a fact which is not at all surprising—and it is gratifying to know that nearly all of these have remained here to do their bit towards building the Canada of the future. As for the Canada of the past, you do not need me to catalogue your achievements, which have gained for your country universal respect. But your massive change-over from a purely agricultural community to one which is highly industrialized, is particularly noteworthy, and Canada now ranks sixth in world manufacturing output. I mention this because of its significance, not only in world trade, but in a deeper sense, to the old country, whose pride in your progress is second only to your own.

I must admit that when I was asked to give a title to my talk today, I felt considerable diffidence in providing one which covered a narrowly defined field, because this would involve expertise. Feeling little qualified for this, I decided to select a broad canvas in the hope that I might be able to project a few of the high spots in Great Britain's progress, and without assuming the mantle of a prophet, indicate the portents for the ensuing years. We stand on the threshold of a new decade. It is not like casting off an old garment and donning a new one. We have to live with the mistakes—and successes—of the past, drawing lessons from the one and encouragement and inspiration from the other.

Britain had a good year in 1959. We had a greater degree of price stability than has been achieved since the war, combined with a high level of employment. The Gross National Product has risen from just under £17,000,000,000 in 1955, to nearly £21,000,000,000 last year. Our total exports amounted to £3,330,000,000, which means that Britain exported an average of between eight and nine million pounds worth of goods every single day of the year. To be a world exporter is a tough game, but we have been learning our business for a very long time. The state of our economy in 1959 contrasted markedly with the pattern in 1957, when following upon a long period of continuous inflation, we moved into a trade recession. The subsequent recovery, although assisted by improvement in world trade, undoubtedly owes much to the Government's firm—one might say harsh—monetary policy at the end of 1957, in controlling credit and the flow of money. We do not like the philosophy of controls for their own sake, and it is better, as far as possible, to permit the free play of market forces; but Britain is a highly integrated economy and when pressures of excessive demand are allowed to develop in one sector or another, the whole economy tends to re-act strongly. The post-war years have provided us with painful and costly examples of this, and although one would not venture to claim that inflation has been conquered, we can at least demonstrate that it has come under reasonably effective control during the past two years, for the first time since the war.

The British budget, which was produced recently, provides much food for thought, and indeed, as is traditional, for argument. But I think it can be summed up as a blend of confidence and caution. The balance of payments is less favourable, although still on the right side. This follows from the extension of our removal of import restrictions from which Canada, as well as others, have benefited. Temporarily, at any rate, our imports have jumped ahead, so that it becomes urgently necessary to redress this by increased exports. The buoyancy of the economy has also given rise to a large increase in consumer demand at home. Some stimulus to this has been provided by the increase of hire purchase, or instalment buying. This system became very popular in 1954, when the Government freed it from restrictions. The heavy response by the public gave rise to excessive imports, and controls were re-introduced during 1955 and 1956. Late in 1958, when economic conditions had improved, these controls were again removed, but the present tempo of hire purchase spending will now doubtless be closely watched. An interesting recent development has been the acquisition by the leading Banks of Hire Purchase companies. This is a new departure for our banks, but it may well be a good thing, bearing in mind the need for a careful balance to be maintained in promoting this particular form of consumer investment. There is obviously plenty of scope for hire purchase business in Britain, so long as the level of employment remains satisfactory and the import/export ratio is kept under control.

Some three years ago, the Government passed an Act to deal with restrictive trade practices. You will be familiar with your own regulations on these matters. Although subjected to a good deal of criticism at the time, it has become a permanent feature of the British manufacturing economy. There is little doubt that this new regulation has had some effect on selling prices in certain sectors, and at the same time, it has tended to influence a number of mergers which have taken place. Apart from this, however, the increasing tempo of trading conditions abroad and the intensive competition which prevails, have undoubtedly accelerated the tendency towards amalgamation among firms of like interests. But there have also been quite a number of take-over bids during the last year or two, some of which would seem to be inspired by the desire to acquire a profitable business having no affinity to that operated by the purchaser. Diversification is the term applied to cover this type of operation, but it has directed the close attention of some companies to adjusting the balance sheet values of their assets so that a more realistic figure is reflected in the stock market, which is all to the good, and does, at least, discourage the operator who is merely interested in speculation.

While in some respects this would appear to be an age of the "Big battalions", it is important to note that the pattern of our manufacturing industries still includes a substantial proportion of small and medium-sized firms whose contribution to the national economy, both economic and technical, is quite significant.

One of the most far-reaching developments in Europe has been the formation of the Common Market between Belgium, France, Germany, Holland, Italy, and Luxembourg, involving a degree of political and economic unity which represents a new chapter in the history of Europe. While the basic principle was admirable in removing tariff barriers and stimulating freer trade, it posed a serious problem for us and a number of other European countries. To have joined this economic union as full members would have involved surrender of sovereignty by several countries, and Britain in particular felt bound, and rightly so, by her obligations to the Commonwealth. This gave rise to the proposal to form a European Free Trade Area, which would have brought in all the seventeen countries of O.E.E.C., including the Six, thus creating a multi-lateral free-trading system. It was found impossible to reach agreement, and we were therefore left with the sombre prospect of a divided Europe. Steps were then taken to form a Free Trade association between Austria, Norway, Denmark, Portugal, Sweden, Switzerland, and Great Britain. While this plan should provide solid advantages to its members, it is not an alternative to association with the Common Market. It must be operated as a means of ultimately achieving a workable plan for economic co-operation between both bodies.

When the Common Market was first proposed some years ago, considerable attention was directed to it as an economic union, whereas, in fact, as we now see it more clearly in retrospect, it also had deep political implications. It may be that Britain will have to give greater weight to these in considering some compromise which would facilitate a solution for the benefit of all concerned. In what I have just said, the emphasis is on Europe, but with the entry now of Canada and the United States into the arena of discussion, we have the possibility of a solution to these problems in a broader context. I think we should also keep in mind that the trade preferences between us were instituted largely as a means to an end, and that the true identity of interest between Britain and Canada and other members of the Commonwealth rests upon something more basic and profound in order to secure the future of the English-speaking peoples.

So much has been written on this complicated subject that a number of the issues must be familiar to many of you here today. My only reason for this brief reference is to try, in some small degree, to strengthen your interest and co-operation in reaching a solution, and to assure you that Britain, deeply conscious of the reciprocal ties with the Commonwealth, will be unremitting in her efforts to achieve it.

What are the other portents for the next decade? In reviewing the events over the past ten years, we have reason to be encouraged—and grateful—for British achievements in trade and industry. Britain has established an outstanding position in technological fields, to mention only the aircraft industry, in which three out of every five aero engines in use or on order in the Western world are British; nuclear energy, in which we led the world in the erection of the first power station at Calder Hall in 1956. In the electrical goods industry, our annual manufacture exceeds £1,300,000,000, of which 25 per cent is exported. Many new industries are making rapid progress: the plastics industry, for example, having increased four-fold in ten years, now produces half a million tons per annum. The gross output of the British chemical industry is well in excess of £2,000,000,000, while pharmaceuticals has risen from £19,000,000 before the war to over £150,000,000 in recent years. Petroleum now holds a prominent place in our chemical operations, and this year the production of organic chemicals from petroleum feedstock will approach 900,000 tons. Having regard to my own business association, I am sure you would not wish me to omit one other very important industry, exclusive to Scotland. Scotch Whisky consumption continues to flourish and expand. Its unique properties, nurtured by art and craft, enshrined as they are, in the mysticism of the Scot, make an ever-widening appeal the world over. Your own market is very valuable to us, although we have lost some part of it due to the unavoidable shortage of supplies resulting from the war. However, with your co-operation—and this I do assure you will be to our mutual advantage—we shall hope to improve our position.

I think I should mention that Britain is taking part in overseas Trade Fairs on an increasing scale. We are holding an Exhibition in New York, which opens on 10th June next, and I hope many of you will be able to visit it.

The last ten years have seen many changes, the speed of which has been startling. It is certain that the next decade will provide an even greater tempo of challenge and opportunity. Perhaps one of the most profound influences will be the raising of living standards in the less developed countries, which, humanitarian and political considerations apart, will open the way to greatly increased world trade. The character and pattern of our exports and imports will undergo change, but as an industrial power, we are becoming more flexible and adaptable.

The big advances in the social and living standards of our people, and the increasing degree of mechanization in manufacturing processes, have posed real problems of adjustment and education in industrial relations. The continuing advance in technologies will make it even more important to preserve and recognize the human element which is, after all, our main asset. I am glad to say that there is today a greater awareness than ever before on the part of management in British industry of these vital issues.

I am afraid this brief outline does little justice to the canvas I have chosen. Its purpose is not self-aggrandisement, but the maintenance of your confidence in the Old Country, which is not lagging behind. Your own remarkable development, side by side with a powerful neighbour, is a convincing demonstration of your abiding faith in your own destiny. We, in Britain, also have that faith. The ties between us are, I hope and believe, unbreakable. Our relationship is not based upon dependence, but interdependence and mutual interest. It is in that context that I have presumed to say a little about British progress, believing as I do that, notwithstanding world problems, it is a heartening augury for the next decade.

THANKS OF THE MEETING were expressed by Mr. Alexander Stark, Q.C.

“THE NEW FACE OF THE UNITED NATIONS”

An Address by

THE HONOURABLE PAUL MARTIN, Q.C., M.P.
Member of Parliament for Essex East

Thursday, October 6, 1960

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: Today, the Empire Club of Canada commences its fifty-eighth year of weekly forums. To our platform has come through the years a distinguished assembly of speakers from every part of the world, to discuss with us the problems of the day and to promote and foster the bonds of unity within the Commonwealth. At this opening meeting, we are honoured to present for the third time in our history, the Honourable Paul Martin, Q.C., M.P., distinguished parliamentarian and Canadian statesman.

There are few figures in Canadian politics who are better known than our speaker. In the best sense of the term, he has made himself a professional politician. He was a brilliant student and he attended, nearly always with scholarships, five famous schools of higher learning: St. Michael's College in the Univeristy of Toronto; Osgoode Hall Law School; Harvard University; Trinity College, Cambridge; and the School of International Studies in Geneva, Switzerland.

Mr. Martin was called to the Bar of Ontario in 1928. Immediately, he turned to his first and lasting love—politics. Promptly he received his only defeat in a by-election in Renfrew North. But in 1935 he was elected for the riding of Essex East and this seat he has held continuously ever since.

Of course, one of the great highlights of his career was during the period 1946-1957, when he was Minister of National Health and Welfare, a department which he led and administered with great brilliancy. In November of this year, Mr. Martin celebrates his 25th year in public life, at which time he is to be honoured by the citizens of the City of Windsor and by his friends throughout the country at a testimonial banquet which he is being tendered.

At all times, Mr. Martin has been prominent in international affairs. He was a delegate to the League of Nations. He was a delegate to the First General Assembly of the United Nations. He has represented Canada at numerous international conferences. He has travelled the world over on many international undertakings. And always, whether his party was in office or out of office, he has carried the high regard of all parties and of all Canadians.

Under the circumstances, we cannot expect Mr. Martin to deliver to us today a statement of Government policy—this might happen on a future occasion. But we do know that we will have a thoughtful, provocative address on his subject, "The New Face of the United Nations". It is with pleasure that I present to you my fellow classmate and personal friend, the Honourable Paul Martin.

MR. MARTIN: I must acknowledge at once the very generous words of introduction of Mr. Stark, and say to the Empire Club what a patient and forbearing body you must be to allow an ordinary Member of Parliament to come to you for the third time.

I recognize in this audience a number of friends and in particular I recognize a number of people—certainly two, and perhaps many more—who are much more qualified to speak on the matter that I propose to discuss today. I can only say in extenuation, I owe to Dr. Riddell, whom I am very happy to see here today, my deep interest in the early days in international affairs. And I see Mr. John Holmes, the new President of the Canadian Institute of International Affairs, whom I regard as the foremost official that we have had serving Canada during the last decade as a public official in the Department of External Affairs, and particularly as I discuss what I have to say today in his presence, I hope he will give the appearance to all of you that he fully concurs in everything that I say and he will recognize I am not in any way indebted to him in the past for some of the conclusions which I have reached today.

Mr. Holmes and I served together at least at four different assemblies of the United Nations, and I am very happy now that he is out of the government service, that anything I say about him cannot be regarded as having any political or sinister implication when I recognize the great contribution he made to the formation of Canadian policy generally and, as far as I am concerned, particularly at the United Nations itself.

Now, I do always find it difficult to accede to the request of those in charge of the programme of a club like this. Invariably, one is asked for a subject for one's address and only because I was requested did I give the subject which the Chairman has announced today. Originally I intended to discuss the implications of the admission into the United Nations of so many new members, but I have decided that because of my own interest and, I suspect, yours in the current Assembly, the Fifteenth Assembly of the United Nations which is in many ways certainly the most dramatic, perhaps the most important—time will tell—I thought I would like to give you my impressions which I am sure in many particulars will be shared by you.

You and I both have the opportunity of forming judgment because of the very wide publicity over television and radio, and in our newspapers, of the proceedings at this very important meeting.

I think that the events of the last year, in particular the events in the Congo and now in this Assembly, establish beyond any doubt the importance and the inevitability of the United Nations or of the kind of instrument which was designed in 1945 and which was also designed at the conclusion of the First World War in the old League of Nations. It is inconceivable today that we could maintain any kind of order in the world unless the collective conscience of mankind was represented in the kind of body that now functions on the Island of Manhattan.

I believe that today one need spend no time in justifying the existence of the United Nations. I am sure Dr. Riddell would agree with me that it is not likely that we shall ever again in our lifetime see a repetition of the events of 1938 and 1939, the last days of the League of Nations, when we saw even the staunchest friends of that body, countries like Sweden, bit by bit, giving in, making reservations with regard to commitments that they had solemnly undertaken under the Covenant of the League of Nations. This is due, I think, in large measure to the character of the modern instruments of war which render now convincingly the futility of war as an instrument of national policy. We know now that war cannot achieve a victory. We know now that war would be destructive not only of the armed personnel, the equipment of the nations concerned, and of the civilian population, but we also know the effects of that on civilization itself.

I suppose the transparency of what I am saying began particularly about two years ago when I had an opportunity of speaking to you and reporting on some impressions that I had gathered from a trip throughout the Middle East, because it was at that time that the United Nations took on some of the form of its present authority in national states where trouble and turbulence exist.

You will remember after the setting up of the International Supervisory Organization in Jordan, and following the Suez crisis, there was set up in Lebanon a group known as the U.N.E.F., the United Nations Emergency Force. This gave to the United Nations an authority and an occasion that was not open to the League of Nations and up to that time had not been open to the United Nations because the work of the Trust Commissions in Indo-China represented the creation of the Geneva accord outside the United Nations itself.

So as we examine the proceedings now of the Fifteenth Assembly, as we listen to the heads of state and the leaders of government who followed Mr. Khrushchev to the General Assembly of the United Nations, it becomes increasingly apparent that the authority of that body is now established and is great.

The current discussions, of course, are not inherent in the United Nations. The complaint of Mr. Khrushchev to the responses of our own Prime Minister and of Mr. MacMillan, and of others, the points of view put forward by neutralist countries, and not only those put forward by that great Asian statesman, Mr. Nehru, are all symptomatic of the problems of our world.

The United Nations has not created these problems. These problems are now reflective of the condition that must trouble all thinking men and women who desire peace, who desire an opportunity of building their own countries without the intervention of war.

So I believe that whatever may have been his reasons, Mr. Khrushchev may have done a great service to the United Nations, and I am not overlooking the possibility that he has gained a great advantage likewise in coming, notwithstanding what may be our reaction to the offensive way in which he has put forward his point of view.

Why did Mr. Khrushchev come to the United Nations at this time? This was his second visit. You remember a year ago he came to the United Nations for the first time and he put forward a proposal for a comprehensive scheme of disarmament and also a scheme for partial disarmament. He has the right to come as the head of a government, a member state of the organization, but we equally have the right to enquire as to why, particularly following the failure of the meeting in Paris last May, he has come for a second time in succession to the rostrum of the United Nations.

It may be because he feels that it is necessary for him to prove his toughness to his partner, the so-called Chinese People's Republic, because seemingly he is having some difficulties with that nation. I believe it is necessary now more and more for whoever is the head of the Government of the Soviet Union, to justify his position increasingly with the people of that country. I remember Mr. Vishinski saying at the United Nations that never would the Soviet Union open the windows of that country to allow ideas from the West to percolate. That has changed, and with the increase in the standard of living of the people of the Soviet Union there has come a knowledge of other countries through visits that have been made by statesmen, businessmen, and others from other parts of the world to Moscow.

And I believe that it is basic in Communism today to want to rock the boat. More thoughtful students may regard this as a reactionary observation, but I believe that in the Soviet Union as presently constituted, the interests in this stage of what rapidly is becoming an industrial and consumer society like our own, and the interests of its ideology demand an absence of stability in the world short of war itself.

I am sure, as Mr. Lange, the Foreign Minister for Norway, said the other day, no country is deliberately engaged in considering the desirability of war as an instrument of national policy at this time. But it may be that there is still another reason for the decision of Chairman Khrushchev to come to the United Nations. That is that he recognizes the value of the United Nations as a propaganda forum in the best and in the most evil sense. General de Gaulle said, speaking of this necessity in the technique of action of the Soviet Union, that each spectacular Communist propaganda offensive is intended to alarm and thus to sidetrack the West. I have no doubt that Mr. Khrushchev has had this consideration in mind.

I am not saying that his is the only country that has used the United Nations for that purpose, but I believe that in this particular instance there is strong evidence to support the view that this is one of the reasons why he regards the Assembly of the United Nations as an effective vehicle for advising not only the so-called freedom-loving nations, but particularly the uncommitted nations of the purposes and the intentions of the Soviet Union's foreign policy.

I don't think that anyone can deny that the situation now does present us with very great dangers. I said that I don't believe that one of these dangers includes now a deliberate provocation of world war, but as the President of the United States said, speaking the other day to the General Assembly, we could have war by miscalculation. And that does put on the shoulders of all of us, those in government in particular, very great responsibility at this time to consider the effect of nuclear warfare, the possession of nuclear weapons in relation to the very danger which could come about through a war by miscalculation now on the part of those nations, that limited number that have within their disposal, or at their disposal, the power of promoting a cataclysmic situation in our world.

The mounting of nuclear stock-piles does create a danger in itself. When I was in the Middle East two years ago I couldn't help but think what a danger in the light of the situation at that time could have been provoked if any of the Middle Eastern powers themselves were in possession of nuclear weapons and had a capacity of using them on any country toward whom their intentions of aggression might be addressed.

So in the face of all this situation it seems to me, as I am sure it will to you, that there can be no question about the necessity of a surveillance body which at this time I believe presents in terms of effectiveness the great opportunity of the United Nations.

What does Mr. Khrushchev want, because he has projected before this assembly the one dominant question that is in the minds of every government and every man and woman in the civilized world? What is the purpose of the present attack that he is making on the West?

What are the reasons for the inability, particularly of the Soviet Union and the United States, to come to some understanding?

Mr. Khrushchev has not stated comprehensively, in spite of his two-hour speech, what those comprehensive intentions are. He has addressed himself to the nations of Asia, the nations in particular now of Africa, and of the Middle East, and to other areas in the world, but his statement, carefully examined, I think does not give the whole story or the whole programme of the Soviet Union. Rather, he has resorted to certain side issues and in so resorting he has revealed how ineffective from his point of view at this time the United Nations happens to be, and he made his attack by first of all attacking the Secretary General of the United Nations, and then suggesting certain changes in the constitution of that body.

The United Nations, of course, has got to be revised. There has to be a revision of the charter some time. We thought two or three years ago that time was at hand, but as Mr. Nehru said the other day, there is a time and a place for things that must be done. Certainly I believe that the Security Council will have to be enlarged to take into account the newer members and particularly the older members of the United Nations spread outside of Europe and the Americas. A new and enlarged Security Council that takes into account the position of countries like India seems to be inevitable, but now is not the moment to revise the organization of the United Nations. It could not be done. It would create an acrimony, it would create dissension, and I think Mr. Nehru was wise in saying we must select the time and we must select perhaps even the place.

The proposal that Mr. Khrushchev has lost confidence in the Secretary General is certainly revealing. I well remember the day that Dag Hammarskjold was made Secretary General of the United Nations. I am sure Mr. Holmes remembers it, too. I was then Chairman of our delegation. My colleague Mr. Pearson, then Canada's Secretary of State for External Affairs, was President of the United Nations. Mr. Pearson undoubtedly would have become the Secretary General if it had not been for the intended exercise of the veto on the part of the Soviet Union. His candidacy therefore was out of the question. Then one day rather suddenly I remember walking along the corridors of the United Nations running into Mr. Trygve Lie, who then I think hoped for a reappointment or for an extension of his term or for an appeal not to carry out his threat of retirement, saying to me it wouldn't be very long before he would be out of the office of Secretary General. He told me then privately that Dag Hammarskjold of Sweden was going to be the man. Dag Hammarskjold became the Secretary General. He became Secretary General largely because of his own great qualities, mainly because the Soviet Union was prepared to support him—a man who likewise was respected, and in whom there was great confidence on the part of the great powers in the West. He was to suffer the same fate, however, as came to Mr. Trygve Lie. Mr. Trygve Lie was made Secretary General in 1946 as a result of the decision of the Soviet Union to support his candidacy. He, of course, too, had the support of the West, not as the first, but as an acceptable choice. But just as Trygve Lie ran counter to the wishes and purposes of the Soviet Union, so, too, apparently has Mr. Dag Hammarskjold.

I want to simply say this, as one who has worked with Mr. Hammarskjold over a number of years, there is no abler, no more responsible international public servant, than this distinguished citizen of Sweden. He had given to the United Nations an objective approach, an honourable approach, and it is regrettable now that in the important decision he had to make in particular in the Congo, he should apparently have lost the confidence of one of the great powers, so important for the satisfactory functioning of the United Nations. But the proposal that the office of Secretary General should be abolished, that there should be three Secretaries General or three individuals representing three points of view in the world is impracticable and is designed only for one purpose: to perpetuate in the administration of the United Nations the very abuse which inevitably and for some time has continued to exist in the Security Council. If there were to be three persons combining the office now occupied by one—one representing the neutralist powers; one the free nations, the nations of the West; and the Communist powers, including the Soviet Union, we would have in effect three different vetoes and that would make impossible the functioning of the great and the important office of Secretary General.

One examines what was done in Jordan in 1956, what was done in Lebanon in 1956, what could easily be done in Berlin in some future date, what was done in principle in Indo-China, and one recognizes the possibility of detracting from the power of the Secretary General. The office of the Secetary General under the Charter of the United Nations is almost that of a state by itself. The Secretary General is given power of initiative, a power which this Secretary General has taken on with increasingly satisfactory results, I believe, for the development of some kind of machinery in the international order.

Now, all of that has taken place at a time when new members are being added to the United Nations. I think I know something of the problem of new members. In 1955, Canada had put forward a proposal for the admission of sixteen new members of the United Nations and I happened to be, as Canadian spokesman, the instrument of that particular action. I well remember the concern on the part of Great Britain, on the part of the United States in particular, and of France, toward the decision to recognize the universality of the Charter of the United Nations by bringing in members who for one reason or another had been obstructed, either by the Soviet Union or by certain nations in the West. But it seemed to Canada, and just as it seems to me now, in spite of the dangers, in spite of the difficulties, that if the United Nations is to grow in stature and effectiveness, it must become a body of the states of the world, whether they are new or whether they are old, and that we will do more to further the progress of mankind by recognizing the inevitable rather than bowing at the moment to the inconvenience that might be caused certain states—certain of the great powers on both sides who find it embarrassing to have projected before the Assembly of the United Nations the problems which greatly concern their colonial offices and their foreign offices.

I believe that the speeches of Mr. MacMillan and Mr. Nehru, and in particular, the utterances of our Prime Minister and the things that he said at this Assembly, have all been to the good. I believe that it is a good thing for the heads of government and for the heads of states to go to the United Nations. I don't say that they should go on all occasions, and when their motives are mixed, as in the case of Mr. Khrushchev, this time possibly the commendation doesn't apply. But the great weakness of the League of Nations, as Dr. Riddell knows, and much better than I, was that only at the beginning were heads of government to be found generally in attendance at the League of Nations, and during the last portion of the League of Nations, Foreign Ministers did not always attend either. I believe it is important that we have a public discussion of the great issues that divide us to be able to form a judgment from all sides as to the kind of conclusions we are going to reach, in order to avoid the possibility of a war that would be destructive to the extent of making it a futile, unnecessary, and barbarous effort.

The ideological difference that divides the world at this time is something we are going to have to live with, something in which we are given the opportunity of showing a greater initiative than we have done in demonstrating the positive characteristics of our free way of life, and of seizing the initiative more often instead of always leaving it to the "tactful brilliance" of men like Mr. Khrushchev and others who are carrying on a procedure which of course creates for the world, and the people, the most dangerous kind of situation. But apart from that general difference, the solution of which means so much for the peace of mankind and the preservation of what you and I regard as essential to our way of life, I suppose the most important single question is that of disarmament. Mr. Nehru has said it was. Mr. MacMillan has acknowledged that it is. And I suppose if we are going to avoid the possibility of war, the quicker we get to the point where we can reduce the temptation for the use of these instruments of human destruction the better.

But this subject is a very difficult one. I was a member of a subcommittee of the United Nations on disarmament for three years. Canada, the United States, France, the Soviet Union, and the United Kingdom were constituted into a subcommittee for the purpose of trying to arrive at some formula, particularly between the great powers, designed to ease the strain of nuclear weapons and to bring about some agreement in the matter of conventional arms. Those were three years of frustration, three years in which we made practically no progress whatsoever. In spite of the Summit Meeting of 1954, which created, until Eisenhower's heart attack, some hope of some healthier international climate, no progress was made whatsoever, just as no progress had been made in the Atomic Energy Commission before in the matter of atomic agreement.

I must say in so far as that period is concerned, the main reason for failure to arrive at any accord, the main reason for not bridging the gap in any way, lies at the door of the Soviet Union, its unwillingness to recognize that now disarmament had to go hand in hand with control and with a recognition of what the objects of control are.

There was never any chance, never any agreement on the part of the Soviet Union with regard to this essential condition, in so far as our integrity and our security is concerned.

We thought, or some thought last year—I was not among those and I said so in the House of Commons—that the proposal of Mr. Khrushchev on September 20, 1959, did represent a new attitude on the part of the Soviet Union in the matter of disarmament. You know the result of the ten power meeting. They achieved nothing.

Now we have a proposal of Mr. MacMillan that because of the contributions made by the scientists, *they* might examine this business of nuclear and conventional arms and come forward with recommendations which might possibly encourage a political agreement at some subsequent date. I don't know whether or not that is going to happen. I believe it would be a worth-while solution, but the fact is we now have out in the open the same position taken in the open by the Soviet Union, the same position that Mr. Malik and Mr. Gromyko and Mr. Sovanof took in the subcommittee meetings of the Disarmament Commission. "Yes, we want disarmament," said Mr. Khrushchev, "we want disarmament . . . we have made a proposal . . . accept our proposal, and once this is done then we will accept any form of inspection and control that you put forward."

That position was taken by Mr. Khrushchev only a few days ago again.

It seems to me that dangerous as the possession of weapons of war is, having in mind the record of the Soviet Union, we can never allow that kind of eventuality to emerge. We could never agree, it seems to me, to disarmament in the absence, if you will, of the stage by stage basis of a system of control that would give absolute guarantee to all parties concerned that no violation of any agreement could be anticipated without it being checked by the system of control set up.

I was very happy to hear Mr. Nehru say the other day—and I think that is the first time India has ever said this—that disarmament was desirable, was not only desirable, but both essential and urgent, but that disarmament without control did not seem to him to be a rational suggestion. That, I think, will help greatly in the case of the Western powers.

Now, there is no need nor is there time for traversing all of the details of this disarmament discussion, except to put forward that I believe, on the basis of my own experience as a member of a government at one time in this country and as one who has taken some part in the discussing of these matters of the United Nations, that Canada has a particular function to play.

I suppose that every country through its nationalists, through supporters of the government, put forward the view that their country has a special opportunity to play in the preservation of peace, and all countries have. But it seems to me that they all have the role of honest broker, as well as the role of expressing their opinions independently of any foreign government or of any government with whom they might in any way be in concert. And this is open in a special way to Canada.

Are we to leave the settlement of this impasse only to the great powers, and to the neutralist countries?

Are we satisfied that the neutralist countries themselves are the best agents?

And I say that knowing full well some of the difficulties, and of the high statesmanship being taken now at the United Nations, and particularly yesterday by a man like Nehru.

I believe there is a group of countries that can play a role that are not playing that role, a role that has been played by them individually, and on some minor occasions collectively in the past.

Canada is the United States' closest neighbour. I suppose because of our geography we understand that country as well as any other nation. We are a member of the Commonwealth. We have close and understandable ties with every member of the Commonwealth and particularly with three of the newer members of the Commonwealth, countries like India and Pakistan and Ceylon, which, I am sure, have a special regard for Canada because of the understanding way in which we pursued and followed their policies during the last decade, at a time when they were so widely misunderstood throughout the West.

I believe, as we are a young country and on that account have had no occasion for error and as our conduct generally has been honourable and objective, that we do have a role to play, an increasing role, and I would think that in disarmament there is an opportunity for us in a special way.

I don't know what the constitution of the new disarmament body will be, if there is to be one, and I note with agreement the suggestion of the Prime Minister that the

Chairman of the Ten Power Committee meeting might well be a neutral.

I do think—recognizing that the peace of the world largely depends on the relationship between the United States, Great Britain, and to a lesser extent on Canada; recognizing the essential desirability of maintaining this triangular unit; recognizing the desirability of a unit and an understanding that must prevail among NATO countries —that unity need not in any way suffer by the taking of initiative by a country like Canada. This initiative, I believe, in many instances would be followed by other countries. I think it would be reasonable to assume that countries like Brazil and Mexico, or countries like Sweden, Norway, Holland, and Denmark, would stand with us on most basic questions, and while we don't fully agree, I should think that Mr. Nehru's government would find it difficult not to support responsible positions taken by a country like Canada.

At any rate, this is a venture into which at this critical time in the history of the world—I don't say at this particular moment—we should be prepared to embark. We would do it responsibly, we would do it prudently, we would do it without the full scrutiny of the world on every action that we undertook, but it would be one that would be a reminder to those with whom we are closely associated that there are points of view that are shadings of opinion, that there are necessities for bringing together the dissident voices in this disturbed world.

This doesn't mean a compromise on principle. This merely means asserting the basic character of our nation which is a nation that recognizes the validity and, as we recently acknowledged in the Bill of Rights, the supremacy of God, and the preservation of freedom. It doesn't involve any violations of that sort, and I hasten to state this because of the misinterpretations sometimes placed on this kind of suggestion.

That, I believe, represents a course of action which this country of ours, growing in population, strong in resources, respected in diplomacy, might take, as one of those various solutions proposed for trying to bring order out of chaos, of trying to avoid war in the hope that we might in this turbulent period nevertheless see the beginning of a world at peace.

THANKS OF THE MEETING were expressed by Mr. Marvin Gelber.

"QUEBEC'S PLACE IN WORLD ECONOMY"

An Address by

THE HONOURABLE JEAN LESAGE
Premier of the Province of Quebec

to a Special Meeting Arranged by the National Industrial Conference Board and Sponsored Jointly by the Canadian Club of Toronto and the Empire Club of Canada

Thursday, October 13, 1960

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: The Empire Club of Canada is proud today to join with the Canadian Club in co-sponsoring this luncheon arranged by the National Industrial Conference Board and marking the first open meeting of its kind which it has held in Canada. We pay tribute to you, Sir, and your executive in planning this full-day conference at which problems so vital to business and industry are aired and discussed. In this respect, your aims are not dissimilar from our own Empire Club, for at our meetings, too, we listen with benefit and enjoyment to statesmen, to industrialists, and to leaders in all walks of life.

Today you have given me the high honour of introducing our distinguished guest speaker, The Honourable Jean Lesage, Premier of the Province of Quebec. In Canada, as in the United States, and indeed elsewhere, political changes can occur very rapidly. For example, by a strange coincidence, this is the second occasion during the year 1960 that I have had the high honour of introducing to a Toronto audience the Premier of Quebec. But it is the first time that I have ever introduced Mr. Lesage. So quickly does the wheel of fortune turn.

It was only in June of this year that our distinguished guest was chosen Premier of Quebec. Just before the election someone asked him how things were going. His reply was, "We are good for a little majority." Of course, in getting that "little majority", Mr. Lesage overthrew the famous Union Nationale. A life-long Liberal, our guest has already, at the very modest age of 48, achieved a political career of outstanding distinction. A lawyer by profession, his experience in politics began when he was elected to the Federal House of Commons in the general election of 1945 and again in 1949, and again in 1953.

In 1951, he was appointed Parliamentary Assistant to the Secretary of State for External Affairs and two years later he was appointed Parliamentary Assistant to the Minister of Finance. In 1953, he was appointed Minister of Northern Affairs and Natural Resources, and there he remained in the Federal Government until the Tory whirlwind of 1957. Since that time his leaps have been meteoric. He resigned his seat in the House of Commons. He took over leadership of the Quebec Liberals. Then came the death of Premier Duplessis; shortly afterwards the death of his successor, Premier Sauvé; still later the defeat of Premier Barrette; and now we have Quebec's new Premier, elected on June 22, 1960.

Gentlemen, I present to you The Honourable Jean Lesage.

MR. LESAGE: When anyone mentions the "Province of Quebec", there immediately surges up before us an image of a bi-cultural Canada: a young and vigorous nation founded on two cultures, on two ethnic groups, partners in building Canada and in Canada's contribution to world advancement on so many fronts.

One cannot think of Quebec without thinking of Canada, just as the very mention of Canada brings to our mind the French-Canadian way of life which has been responsible for so much of this country's success in its struggle to maintain its identity on the North American continent and at the same time to offset the possibility of isolation from European civilization.

Grâce à la culture française si profondément enracinée dans notre Province, nous avons pu, au cours des années, entretenir des relations avec l'Europe qui ont constitué en quelque sorte une invitation constante aux Européens à transiger avec nous et à participer à notre richesse et à notre developpement.

Le désir du Canada de devenir une nation aux dimensions de sa véritable valeur, a été motivé principalement par sa puissante volonté de survivre, volonté qui est caractéristique du Québec depuis le début; depuis le temps où la Nouvelle France a manifesté qu'elle n'avait pas à s'excuser de revendiquer ses droits, pas plus qu'elle ne devait hésiter à répandre ses traditions culturelles et religieuses.

Toute personne qui regarde l'histoire, d'un oeil objectif, admettra que ces mêmes traditions du Québec ont servi à enrichir, le Canada tout entier, lui conférant un titre additionnel à sa réputation de pays ami, de pays hospitalier, de pays jeune dont la vitalité fait l'envie, et parfois aussi l'espoir, de tant de nations du monde actuel.

It is significant to note that during the present crisis in the Congo the United Nations Organization called upon Canada to make available in the United Nations' military forces a contingent of French-speaking Canadian soldiers. This Canadian force was allotted the task of establishing a system of communications in the Congo.

I bring this fact to your attention to illustrate the advantage of being recognized as a bi-cultural nation; and at the same time I underline the function which was allotted to our French-speaking military unit: *Communications.*

Through good communications much has been done to unite both your Province and mine as well as the other Provinces in the Confederation and to stimulate us in our efforts towards building an ever-greater Canada, a Canadian Canada. Good communications, too, have served the cause of our relations with our neighbours to the South, opening the way to exchanges of trade and culture which have reinforced the bonds of friendship between our two countries and have made possible the frankness and understanding with which we discuss our mutual problems.

When we analyze the advance that has been made towards the betterment of life in the world generally, we will find that much more is owed to the development of communications than to the sometimes doubtful victories, the strifes or the threats of the mightier nations of the world.

Better communications have improved life everywhere they were developed, just as they have brought our two Provinces so much closer than in the days of New France and of British rule, making us active partners in the Confederation, working together in harmony and understanding and in mutual respect.

Quebec has marked, and with characteristic firmness, not only the culture and traditions of Canada, but also the economy of the nation. Our abundant natural wealth and our rich human resources have benefited the length and breadth of Canada as well as permitting Quebec to take her place among the great trading centres of the world.

Quebec has taken a leading part in agriculture, forestry, in mining and hydro-electric power development, and in a wide range of industries depending on these resources. These four fields of industrial activity principally characterize Quebec's economy.

Our agriculture, although not the principal economic factor in the Province today as it was many years ago, still remains an essential element in our growth by supplying the domestic market with farm produce and by providing raw material for our food industries which had a gross value in 1957 of $900,000,000.

98 per cent of the farmers of the Province of Quebec enjoy complete ownership of their holdings while the percentage for Canada is 74, and our farm labour force is becoming increasingly productive with the introduction of mechanization and new technical know-how.

Our forest resources have made the pulp and paper industry the most important segment of our manufacturing, an enterprise which may be considered to be the cornerstone not only of the economy of the Province but of Canada's economy also.

Wood pulp produced in Quebec's 56 mills supplies the raw material for a vast range of paper products industries and particularly for our newsprint industry which was accountable in 1958 for almost 25 per cent of the world's supply, valued at more than $556,000,000, and whose output has doubled since 1945 due to the increasingly greater demand both at home and abroad.

Our forest resources are vast and productive. Their so far untouched potential coupled with the promotion of replenishment techniques in the areas already exploited makes the danger of depletion of these resources remote indeed.

The expansion of mining in Quebec has been of paramount importance to our economy and has attracted much of the inflow of foreign capital which has contributed to our development.

The Province already leads Canada in the production of eighteen different minerals, the most important of which are asbestos, iron ore, lithium, and titanium. In the production of copper, gold, zinc, cement and several other products, Quebec ranks second. In 1958, our mineral production was 17.5 per cent of Canada's total valued at 2,000 million dollars. Smelting and refining of non-ferrous metals was our third largest industry in 1959, following closely our petroleum products which took second place after pulp and paper.

The mineral resources of Quebec will provide the basis for outstanding growth in the future and will become increasingly attractive as similar resources elsewhere become exhausted.

One of the greatest factors in our development to date has been our abundance of hydro-electric power resources. The already developed potential supplies power to our wide range of industries and has attracted to Quebec those types of industries which are major power utilizers.

The Province has been richly endowed with rivers and waterways relatively easy to harness. In 1958, Quebec had developed a capacity of 7,276,000 kilowatts which represented 44.7 per cent of Canada's capacity at that time. It has been estimated that Quebec's utmost capacity will not be less than 22.8 million kilowatts, over one-third of Canada's estimated total potential.

With so much power at our disposal, is it any wonder we invite industries to locate in our Province? Is it any wonder, too, that so many foreign investors look to Quebec without having to extend to them a high-pressure invitation?

In the development of any nation the major factor always has been and always will be its human resources. A sturdy and industrious population anywhere will never be at a loss to develop and strengthen the economy, even if they are lacking in natural resources such as we possess in Quebec. Our human resources have indeed been the backbone not only of our cultural and social achievement but of our entire life as a partner in the Confederation.

The population of Quebec has grown faster than that of the entire nation. We represented 27 per cent of the Canadian total thirty-five years ago while we now represent 29 per cent in spite of the acquisition by Canada in the meantime of a new Province. Our steadily growing population has provided a powerful labour force and a highly demanding domestic market.

Our labour force of approxiately 1,675,000 is on the increase, and with new and rapid advancements in managerial and technical know-how, this human element is becoming increasingly productive.

The days when Quebec was held up for sale to the world as a Province of cheap labour are now part of history and the Quebec labour force is as productive and as well paid, all things being equal, as any in North America.

The cheap labour is no longer the prime factor in inviting investment, but something more conducive to prosperity has taken its place. Quebec is now a Province of cheap power and will become increasingly so as we progressively develop our hydro-electric resources. Development of these resources is one of the objectives which my Government has set itself, in the interest of the people of Quebec and of the Canadian economy as a whole.

The diversification and expansion of our secondary industry is also a part of the objective I have just mentioned. Secondary industry is an essential part of the economy and my Government is fully seized of the necessity of encouraging its establishment and continued expansion. One of the most odious menaces of our time, unemployment, finds its best remedy in the diversification of our manufacturing industries, as it can be most effectively offset by the diversified transformation of our own raw materials. Here, too, we find our best answer to the danger of disastrous fluctuations in business conditions in other countries we do business with, or to the possible creation of barriers affecting our foreign trade.

Quebec has at her disposal all the requirements for such development: abundant natural resources; a strong, hard-working labour force; a large and growing domestic market; and an increasingly efficient transportation system reaching out not only to surrounding markets but to all parts of the world.

Our social and economic structure makes Quebec a good place for the investment of foreign capital, and such development as we foresee and plan will warrant a continued inflow of capital into the Province.

While working to maintain the stability that will encourage and provide security for investors, we encourage subsidiaries of foreign companies establishing in Quebec to become good corporate citizens of Canada, and we hold that while sharing in the prosperity of our country they should share also in the responsibilities that good citizenship comprises. The participation of Canadian capital, directorship and managerial skill in these subsidiaries, constitutes the best safeguard we know for foreign investment, and while being shareholders in the well-being which this nation provides, our friends abroad will be strengthened in their faith in the Canadian resources and in the Canadian way of life. Both in the field of capital and of labour we feel that it is not in our best interests that so much control be held by people residing outside Canada.

Quebec is herself a partner both in the prosperity and in the responsibility of the nation. Revenue from Quebec to the central Government has been increasing over the years, and for the fiscal year 1958-59 represented 25.1 per cent of Canada's total tax revenue with a contribution of over $680,000,000.

The increasing population of Quebec absorbs a large part of Canada's own production, at the same time consuming a considerable share of our imports, thus contributing to keeping trade the two-way street that Canada must advocate in her own best interests.

Quebec's social structure is an encouragement to free enterprise and a bulwark against the spread of false economic or social doctrines in Canada.

The inroads which Communism has been making in many countries in the world today have been of the greatest discouragement to these countries, both from an economical and political viewpoint. It is no secret for anyone that the economic offensive of Soviet Russia is but an instrument of her political and ideological ambitions and that the annexation through low-cost production of large segments of the world market that were once held by free enterprise countries is but another way of implanting the spread of their false ideology.

This pressure from inside the iron curtain has driven much of Europe's capital and talent to seek development elsewhere, and the Province of Quebec may be expected to absorb a large portion of this capital and talent in the best interest of the Canadian and the free world's economy.

Quebec is now entering a new phase of development, and her economic and social growth will progressively acquire new dimensions in proportion to her extensive natural and human resources and in proportion, too, to the part she must play within the Confederation and the free world generally.

The Government of Quebec has set up an Economic Council to supervise the trends of the economy and to act in an advisory capacity to both Government and business on the ways and means of maintaining stability and of pursuing an intelligent and well-ordered development of our resources. We may no longer be content to improvise our development in this modern age of jolting economic and social structures when so many of the traditional values we have held in many spheres are constantly under assessment and revision to cope with scientific and technological advances.

In conjunction with the Economic Council, the Quebec Department of Trade and Commerce is being re-organized and will be fully geared to provide a complete range of services to future investors in the Province.

We are fully aware of the needs of those who contemplate establishing in Quebec and who desire to become partners in our development. Their primary need is a complete and lasting asurance that they are welcome and that the opportunity they are seeking is available. The services of the Department of Trade and Commerce are intended to furnish guidance and counsel on the availability of resources, markets, labour and of all the other facilities required by a new industry. These departmental services will be available to all interested parties, for the asking, so that they may plan to establish in Quebec with assurance and confidence.

The people of Quebec aspire to higher standards of living and culture and to a more positive and active level of nationhood for Canada. They have shown themselves to be productive citizens and resourceful partners in the Canadian Confederation, and while demanding their rightful share of the nation's prosperity, they will continue to do their part towards keeping Canada Canadian.

A truly Canadian nation working in harmony to shape itself into a strong element of world peace and prosperity is what Quebec is striving for and this would be, indeed, a realization of no mean consequence to men everywhere.

THANKS OF THE MEETING were expressed by Mr. Harry H. Wilson.

“GAINS AND LOSSES IN THE COLD WAR”

An Address by

BLAIR FRASER
Editor, Maclean’s Magazine

Thursday, October 20, 1960

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: However much those of us who are parents may decry the advent of the Television Age, we are bound to admit a tremendous value and interest in the news type of programme. To see, as we have all seen during these past weeks, the living actors at the United Nations, whether it be the blustering of Khrushchev or the calm of Macmillan, has been a fascinating spectacle. Equally good have been the commentaries from the journalists on the scene, and among them, our guest today stands in the forefront. When an interesting event occurs we all want to know, “What does Blair Fraser say about it?” And whatever he says is uttered or written coolly, boldly, critically, and with understanding.

On March 15, 1960, our distinguished guest was appointed to the responsible post of Editor of *Maclean’s* magazine. Long recognized as an expert on politics and international affairs, he wrote for many years as *Maclean’s* Ottawa Editor, in which capacity he was one of the magazine’s most steady producers of major articles.

Blair Fraser is a Maritimer born in Sydney, Cape Breton, is a graduate of Acadia University, Wolfwille, N.S., and holds an honorary degree of Doctor of Civil Law. He first became a newspaper man with the *Montreal Herald*, switched to the

Montreal Star and eventually to the *Gazette* where he became Associate Editor. He was appointed *Maclean's* Ottawa Editor in 1943.

Mr. Fraser has just returned from covering not the "great debates" of the Presidential Candidates but the great debate at the United Nations. He speaks to us now on "Gains and Losses in the Cold War".

MR. FRASER: Thank you, Mr. Chairman, for that very kind introduction. I am emboldened by your reference to television to assume that most of the audience will have learned, via television as well as other media, what I might call the current orthodoxy of North American and Western position in the world. I am not sure that this current orthodoxy will survive the 8th of November, but just for the moment, if you don't mind my restating it, it consists in the main of four points, some of them supplementary, one to another.

One is, Western prestige has never been higher and Soviet prestige and influence never lower.

The second is, that one proof of this is that in the fifteen years of its existence the United Nations has never, until last week, given a favourable vote to any proposition which was supported by the Soviet Union and opposed by the United States and other leading powers of the West.

The third is, that Mr. Khrushchev in his appearance at this really very important session of the United Nations behaved like a child, bursting out into recurrent temper tantrums in the most ungoverned and uncontrolled way and finally, that the reason for this childish behaviour was his uncontrollable rage and astonishment and his failure to be able to influence the decisions of the United Nations General Assembly.

Let us at the outset recognize, the facts which are cited in support of this quadrilateral position are facts. You can cite a list of instances which are perfectly true. The only thing is you have to be rather careful in selecting the facts to support this proposition. If you add a few more, then you tend to be led to somewhat different conclusions.

What I would like to do is run through some of the facts that do support this position, also some of the facts that do, in my viewpoint, show a different and indeed, I would say, an opposite interpretation of our present position. Let us take them one by one.

Let us begin with the personality of Mr. Khrushchev and his alleged susceptibility to uncontrolled, childish, kindergarten temper tantrums. I don't suppose it needs to be recalled that this interpretation is a little implausible on its face. Mr. Khrushchev spent many years working very closely directly under a mad tyrant whom, as we now know, he hated with every fibre of his being. He was able to conceal this hatred not only well enough to survive but survive at the very top of the Soviet hierarchy and, first of all, to win an engagement—a duel to the death, literally—with the most powerful and well armed scoundrel then surviving in the whole world, Beria. And finally he emerged to his present position, as the established, if not unchallenged, director of the Communist half of the world.

It seems unlikely that a man with such a record would be unable to control his temper after what was after all a fairly petty provocation.

Even if we hadn't his record to go on, I would like to recall an incident that took place ten days ago in which he was interviewed in a television programme in New York that ran actually two hours, although the portion broadcast in Canada was abbreviated to only forty minutes. Toward the end of that two-hour interview for which he had no notes and the questions of which were, as far as he was concerned, spontaneous—he hadn't seen or heard them before—Mr. Khrushchev received a note from one of his aides. You may have seen that and if you did, noticed that at that moment his face set in a rather cold expression. One is tempted in retrospect to say his face froze, became rigid with anger. I must confess I didn't think so when I saw it the first time—only later I realized this had been true.

Then came a stage break of ninety seconds. The contents of that note, as you probably know, were a warning that the interruptions in the programme were being used for violent anti-Soviet propaganda—commercials were being substituted by a type of commercial for Radio Free Europe. Since in the studio we did not see this—I saw one after and thought, I must confess, it was pretty crude—reminiscent of the World War One propaganda which made the information task so difficult in the Second World War, because the things which were true in the Second War had been distributed as easily exploded lies in the first one.

However, let that pass. Khrushchev was furious, absolutely furious. At the ninety second break he turned to David Susskind and said, "I have just got a note that you are using the break for anti-Soviet propaganda. How dare you, how dare you invite the head of a state and treat him in this fashion?" He gave Susskind, by all accounts, a really severe dressing down.

Susskind said later, "I thought the programme was over. I thought he was going to rip up the microphone by the roots and leave me to face the camera alone to explain what had happened."

But, no. With five seconds to go, Khrushchev said, "Oh, well, what do I care? I will say what I like . . . we will win anyway." And he turned to face the camera as it came alive with an expression of perfect composure and very nearly with perfect control of face and expression he began to say to the American audience, "Thanks very much. It is getting late. It seems to me we have covered most of the ground . . . if you don't mind I will take my leave."

Here was a moment when the provocation was real, when we know—we don't have to have it reported to us—he was in an absolute fury, and I would defy anybody without the benefit of hindsight to have detected this really furious anger that was bubbling at the back of his throat when he began to make what turned out to be a long farewell to the television audience.

Well, if Mr. Khrushchev wasn't putting on childish temper tantrums because he can't control his temper, why was he behaving as he behaved? This, to me, is a really good question and I don't presume for one moment to suggest I, or anyone else outside Russia and many people inside Russia, would have an authoritative answer to it.

I think we can reach toward a more plausible answer if we make an effort of imagination which isn't made often enough on either side of the Curtain, that is the effort of imagination that is required to see this scene as it must appear from the vantage point of the other side.

I am not speaking about sympathy. We can be as unsympathetic as we like, but let us try to make the effort of imagination, to view this from Khrushchev's perspective. Let us therefore remember, first, what were the political conditions back home from which he emerged to make his visit to New York? It is very difficult to tell what is going on on the other side of the Curtain, but it seems as nearly certain as anybody can be on that subject that there is at this moment a deep and almost violent difference of opinion, a political argument raging within the Communist world. On one side are the fundamentalists, the people who go back to Scripture, to the Old Testament Scripture of Karl Marx and who maintain that of course peaceful coexistence or any form of collaboration with the Capitalist world is impossible —in fact a contradiction in terms of not only will there be war, there must be war, not only must there be war, but the end of that war will be the triumph of Communism, the end of the Communist millenium. This is orthodox Communist doctrine.

Mr. K., in the last two or three years, has been engaged in developing an attractive heresy, a heresy that must be attractive to any normal human being who wants peace, as all normal human beings do. His heresy has been that it isn't necessary to have a nuclear war against the West. Capitalism will collapse of its own wants in the end, no doubt, and our millenium arrive in the end, no doubt. Meanwhile, it is not only possible, it is easy to have a kind of peaceful coexistence with them.

This has been his political stock in trade, and this is the political platform that was pulled out from under him when the U-2 landed in the Soviet Union last spring. We are now told Mr. K. knew all along that the U-2 had been surveying the Soviet Union for four years. That may be so. I won't dispute it. Whether Mr. K. knew it or not, the Soviet people did not know it. The Russian people did not know it.

Here again we are called on for a slight effort of the imagination. It is common knowledge in this country—I don't know how common; it is not secret—that on the radar screens of the Dew Line and the Pine Tree Line, blips appear which are not accountable for at the moment. They have to be looked up later, and it is sometimes found out that an airplane is off course, there is a flock of geese, or a mechanical defect, but there are a number which are unexplained on the radar screen. It is a chronic condition. It is a reasonable inference that some of the unexplained blips are Soviet reconnaissance planes, spying us out, pressing in on soft spots. We can investigate this inference with equanimity and I think the presumably small number of Russians who might have known that there might be foreign aircraft over the Soviet Union might have reacted with that equanimity. It is not quite the same thing to have the aircraft come down at your feet to be known by everybody, friend or foe.

I don't think we would have quite the same equanimity if a Russian plane was suddenly brought down in the vicinity of Prince Albert. That is a reasonable analogy.

So if we remember that politics are politics even in dictatorial regimes, we must realize Mr. K. came to the United States under a considerable emotional compulsion to demonstrate to the folks back home that he was not, as his enemies say, soft on Capitalism. He had to demonstrate enmity. He had to show himself as one man alone, surrounded by enemies, and a Daniel in the den, not of lions but of rats.

If you look at his public performances in that light, it seems to me they become, if not polished, if not well advised, at least credible, at least plausible. That was one objective.

Another objective was to explain the Soviet failure in the Congo. One of the disadvantages of having a theory of history is that nothing happens by chance. If something goes wrong, it is someone's fault, either yours for your stupidity or the faulty machinations of a still powerful but foredoomed sinister enemy. In this case it wasn't simple enough to say the enemy was the U.S.A. The enemy had taken good care not to be there. It had to be the United Nations.

If you take the two factors into consideration I don't think it is difficult to understand why Mr. Khrushchev's first act when he arrived and almost his last act when he left, was to deliver a bitter, ringing, temper-rousing tirade against the United Nations as a supine instrument of American policy, against the Secretary, and the Secretariat in particular, and against the whole phalange or rather, as he would say of the United Nations, the Assembly of Satellites.

Let us assume, for the purpose of argument, this is what Mr. Khrushchev wanted to project to the people of the Soviet half of the world, and on that, will you permit a small digression.

The Soviet half of the world. . . . On the day when Mr. Nixon said that the proof of the high American prestige was that the United States had never lost a vote in the United Nations, it happened by mere coincidence that Mr. Khrushchev addressed the United Nations' correspondents in the delegates' dining room, overlooking the United Nations Square on one side, the East River on the other. Of course, one of the questions put to him was, "How do you justify the attack you are making on the United Nations? It is all very well to attack the United States . . . we are accustomed to that . . . why attack the United Nations?"

He said, quite good humouredly (I will speak more of that later—he is quite a good humoured man when he wants to be), "Look at the world today. Approximately two billion human beings are now alive. Of that number, approximately one-half live in the Socialist countries. Approximately twenty-five per cent live in the neutral countries. The other twenty-five belong in the Capitalist bloc. If you look at this, that twenty-five per cent has a massive majority over the remaining seventy-five per cent of the world. What would you have us think?" he said.

It is a point. It is a point and unfortunately—that was a Friday and the date is a little confused in my mind now—I think it was the following Wednesday that the Western World managed by its own unassisted ineptitude to provide Mr. Khrushchev with the most perfect text-book example of this thesis that he could possibly wish to have. I know I am boring you by going back, but I would like to go back for a minute to the preposterous day the United Nations Assembly had a resolution put forward by the five neutral countries and that was defeated (God save the mark) by a minority of thirty-seven countries out of ninety-five, or whatever it now is. The substance of the resolution was simply and wholly innocuous. It expressed the hope of the United Nations General Assembly that the President of the

United States and the Chairman of the Council of Ministers of the Soviet Union would resume the contact that had recently been interrupted—get together again. The wording was changed so it didn't have to mean a personal meeting, but resume contact. It did, however, insist on saying the "two heads of State" because the states themselves were already in contact.

It is pretty presumptuous for one person to say what ninety-six countries thought, or ninety-five, but honestly, I didn't hear anyone seriously suggest that any country in the world was really opposed to that simple, innocuous proposition, except two. One, the Soviet Union, the other, the United States, were opposed for the same reason, because the individuals mentioned, or present holders of offices mentioned, had already stated publicly they didn't intend to meet each other, except on unmeetable stipulations of their own devising.

So it was a bit of a scolding, if you will, that these two men would be getting from the United Nations Assembly—a mild one, but something in the nature of a reprimand.

The Soviet Union's response to this proposition that it did not like, was to abstain from discussion, to abstain from voting, and they instructed their immediate satellites to do likewise. By "immediate satellites" I mean the countries of Eastern Europe. I do not mean the strongly sympathetic countries like Ghana, for instance. Ghana was one of the sponsors and so was Jugoslavia.

It could have gone through on a wave of abstentions with a modest respectable vote in favour, and a zero against. But for some reason, the United States decided it was not acceptable. The reason can only be inferred, but we note the fact that a very important fact of the Nixon-Lodge campaign, or rather the Nixon-Lodge image, is that they don't lose votes in the United Nations. They have the General Assembly, not under control, they have the freely offered and spontaneous and voluntary support of the United Nations General Assembly on practically anything.

Furthermore,this resolution would,if passed,have created a mildly embarrassing dilemma for President Eisenhower because he had already said he was not going to see Khrushchev. Yet here was the United Nations Assembly asking him to do so, so he would have the rather embarrassing choice between ignoring and defying the United Nations Assembly on the one hand, or doing something he had said flatly he wasn't going to do, on the other hand.

The State Department decided to spare him this embarrassment, and they set things in motion to denature the neutrals' resolution. I won't go into all the various means which they tried out, or which were suggested to them. And please don't get me wrong: I am not suggesting for a moment that a squad of American persuaders fanned out in the corridors of the United Nations to twist people's arms or grease their palms to get the proper amount of support. Nothing of the kind, of course.

We Canadians are so fond of thinking of ourselves, and talking of ourselves as mediators, golden hinge pins, honest brokers, and what not, that we sometimes lose sight of the fact that whatever you want to be, the smaller you are the more you want to be it. So there was no lack of volunteers in the delegates' lounge that day, and in the corridors, and in the offices on the upper floors, of people rushing forward with ingeniously devised compromise resolutions that might get a unanimous vote, to the embarrassment of no one.

It turned out that it was impossible to get a genuine compromise that the United Nations felt able to accept.

The United States was perfectly within its rights in opposing the resolution if wishing to do so, naturally. But they finally fell back on a device suggested by the Argentine which was legal—one must testify was absolutely legal—accordling to the fine print of United Nations rules. It wasn't any more legal than the fine print in some of the kinds of lease you get in court that you find you can't break, and it went through. It worked. And there was the President of the General Assembly, Mr. Boland of Ireland, a very capable and able man, sitting between Dag Hammarskjold on one side, giving advice, and on the other, Andrew Cordier of the United States, Deputy Secretary of the United Nations, giving him advice, and he himself winding his way with really quite remarkable surefootedness through the legalistic jungle that had been set up for him. And it carried, as I say, by a minority but had been so contrived, and this was the essence of it, that the burden of getting two-thirds for it had been adroitly shifted off the United States and the Argentine, and on the Indians and fellow neutrals.

I won't bore you with the details of how it was done. It was very incomprehensible to ordinary people who only know ordinary manners, and they who thought of procedure can only say it went through and looked and felt like a cheap shyster's trick. It had hardly gone to the vote before everybody concerned with it felt somehow polluted, including the Argentine who had put it forward.

The result of this "masterpiece and this resounding victory" was that every single person in the Western camp came out violently and vigorously annoyed with at least one other nation in the Western camp, if not a whole selection of them. Everybody was mad at everybody that night, and everybody was ashamed.

I am not suggesting, and some despatches had so suggested, that Canada bore any particular burden of guilt in this operation. We didn't, we were just a nation like any other, voting along the line, the party line, or the bloc line, like any other. I don't suppose our delegates and reporters felt any more ashamed than others felt. We were Canadians there and we were watching our delegates shrink shamefacedly through this shabby minuet and we felt pretty sick about it. I, for one, still do.

Mr. Khrushchev had an unexpected bit of documentation to add to his fairly impressive list to prove that the United Nations Assembly did indeed do what was asked of it.

And two days later we came up with the China vote. This is no time to talk about the merits or demerits of admitting China to the United Nations. I think there is more to be said on each side of that argument than either side normally admits in debate. All I can say is this: the so-called moratorium was maintained once more for one more year—the denial not only of the admission of China but discussion of the matter at the United Nations. The suggestion, it ought to be discussed, was defeated by a majority of four, with twenty-six abstentions. Thirty-eight votes to thirty-four, with thirty-six abstaining. A pretty clear notice that this is the last year that will happen.

This raises a very interesting question, looking forward to next year. Mr. K. had already explained as I said the week before, why it was that decisions of the United Nations were not taken perhaps as seriously as they should be in the Communist half of the world, because they were so predictable—as predictable as the end of the T.V. Western. No matter how it may look at the quarter hour, at the end the good guys beat the bad guys. It is not a contest, it is a wrestling match. Next year, the possibility arises—it is only a possibility, yes, only a cloud the size of a man's hand—that the United States might be confronted with a majority decision of the United Nations General Assembly while it has not met the approval of either the American Government or the American people. We then may have our attention drawn to a fact of life which we tend to overlook in this Western side, and that is that no country in the world, the Soviet Union or any other, does in fact accept a decision of the United Nations General Assembly as if it were a law. The South Africans don't accept United Nations decisions about apartheid, or Southwest Africa. The French don't accept decisions about Algeria. Britain, it is true, did accept the Assembly's decision at the time of Suez. I think it is an over-statement to say they did do so with any great degree of happiness, and I don't think that it was the only reason why the Anthony Eden Government drew back from the position it had taken in Suez.

No government gives the United Nations any kind of priority over its own will on a matter it regards as a matter of first importance. That is why I say we shall be confronted with a most interesting and indeed a most disturbing situation when the inevitable happens and the question of China really does come before the United Nations in a serious way.

Well, what should we do, or what have we done about all this? I don't need to state explicitly what I have been stating implicitly all along. I think 1960 has been a year of diplomatic disaster for the West, and the United Nations General Assembly fits very nicely into that pattern with no contrast at all.

What should we do that is different? It is hard to say. All these questions are difficult, none are simple. I have just one suggestion I would like to leave as I close, and it is important to communicate to ordinary citizens as, because I already emphasized, to a very large extent the United

Nations General Assembly is a forum directed back at the home population. When our speakers are speaking to the world, as they are fond of saying, they are really speaking to us. What should they have been saying? What should they have been doing? How could we have scored some points instead of losing points in the so-called cold war?

I think anybody at this year's Assembly would have answered without hesitation, the way to make gains in the cold war now in 1960 and 1961 is to forget it, to stop talking about the cold war, to stop trying to recruit so-called allies in this so-called conflict. Let us keep ourselves as strong as we must. Let us disarm as quickly as we can. Meanwhile, let us not go through this amphitheatre of conflict as if harsh words were a substitute for strength. Harsh words from both sides, I am now convinced, are doing nothing but alienating not only the uncommitted but some of the committed, too. It is not yet too late, but it soon may be for the leaders of the world on both sides of this dividing line to stop insulting each other with such professional expertise, to try if they can't singly, if they can, together, tackle the job of bringing the majority of the human race up to the standard of living which they now both enjoy.

THANKS OF THE MEETING were expressed by Dr. Harold V. Cranfield.

"SOUTH AFRICA AFTER FIFTY YEARS OF UNION"

An Address by

WILLEM DIRKSE-VAN-SCHALKWYK
South African High Commissioner to Canada

Thursday, October 27th, 1960

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: In the last few years many of the various countries of the vast continent of Africa have risen to the forefront of our thinking as never before. Of these countries we have, of course, a special interest in the Union of South Africa; and it is difficult for us here to appreciate the perplexing and disturbing problems which that country faces. So it is, that we welcome to The Empire Club today, the newly appointed South African High Commissioner to Canada, Willem D. van Schalkwyk.

The High Commissioner was born in the Transvaal and received his higher education at the University of Pretoria. He joined the South African Civil Service in 1929 and five years later entered the Diplomatic Service of his country. His various appointments have given him a very wide range of experience. From 1934 to 1937 he was an Attaché with the Union's Legation in Berlin. The next two years he acted as Secretary to the South African Delegation to the League of Nations. He then acted as an Attaché for his country at Washington for two years and at Ottawa for six years, from 1938 to 1944. For the next two years he was with the Department of External Affairs at Pretoria; and for five years, from 1946 to 1951, he was First Secretary, South African Embassy at Washington, D.C. He acted as the

Alternate Delegate in the South African Delegation to the United Nations in 1947. From 1951 to 1954 he was Consul General at Leopoldville; and during the next two years he was Consul General at Hamburg, Germany. From 1956 until June of 1960, he was Minister at the High Commissioner's Office in London, England; and in June of this year he received his present post as the South African High Commissioner to Canada.

Our guest married Miss Mary Jane Pelley, daughter of the late Mr. and Mrs. John Pelley of Washington, D.C. It will be recalled that the late Mr. John Pelley was President of the Association of American Railroads. The van-Schalkwyks have two sons; one of whom, John, is studying economics at Harvard University, and the other, Willem, is a student at Ashbury College, Ottawa.

It is with great pleasure that I now present to you Mr. Willem Dirkse-van-Schalkwyk, who will now speak to us on the subject, "South Africa after Fifty Years of Union."

MR. DIRKSE-VAN-SCHALKWYK: When you so kindly invited me, Mr. President, to address the Empire Club of Canada, you stated that you were sure that members would like to know more about South Africa, its problems, the question of *apartheid*—or separate parallel development as we call it—and also something as to the future.

Let me at the outset say how very much I appreciate the honour you have done me by having me as your guest, and for asking me to address such a distinguished audience. I shall endeavour to comply with your request, Mr. President, and have chosen as my subject, "South Africa after Fifty Years of Union".

This year, in which we celebrated the fiftieth anniversary of the founding of the *Union* of South Africa, has been a momentous year indeed, not only on account of what has been happening in South Africa, but also because of the events which have taken place in West Africa, East Africa, the Congo, the Central African Federation of Rhodesia and Nyasaland, and elsewhere, and the reaction these events have evoked in the international sphere. Although world attention has been focused on Africa particularly this year,

Willem van-Schalkwyk Meeting, October 27th, 1960

Robert M. Fowler Meeting, November 3rd, 1960 the spotlight has been on South Africa for much longer.

There is perhaps no other country which has to deal with such serious and complex multi-racial problems as the Union of South Africa. Our task has been made much more difficult by attacks and criticism from abroad which have been based mainly on ignorance and prejudice. On the other hand, there are those who are well-disposed towards South Africa and who would like to become acquainted with the facts of our multi-racial situation and the manner in which we are dealing with it.

Solutions which may be acceptable, perhaps inevitable, in other African states, have little relevance to South Africa. The Union is not a colonial territory where the Whites are an insignificant minority. It is a land which through three centuries has been built up by a large permanent white population to the most highly developed country on the African continent, where western civilization has struck deep roots and where a strong, stable economic and governmental structure has been evolved.

South Africa, which is about one-eighth the size of Canada, was mainly a pastoral and farming country; but with the discovery of diamonds and gold during the latter half of the last century, the whole economic basis of the country began to change.

Except for mining, the country was almost totally industrially undeveloped at the time of Union in 1910. In 1917 when the first specialized industrial census was held, the gross value of industrial production was only $136,300,000. The Union lagged far behind Canada and Australia. Since then, an industrial revolution has taken place, particularly in the years following the second world war. Today South Africa's industrial production totals more than $3,000,000,000.

Private manufacturing is the largest contributor to our gross national product, namely $1,373,000,000 in 1958-59; the second is mining, $746,750,000; third is the distributive trade, $659,080,000; and in fourth place is agriculture and forestry, $643,630,000.

In 1912, South Africa's total gross national product was $366,800,000. In 1959, it totalled $5,500,000,000—about one-sixth that of Canada.

As far as trade is concerned, South African exports in 1958 amounted to $954,900,000, excluding gold. If the gold exports, amounting to $599,000,000, are included, this gives a total export figure of $1,554,000,000. Imports in 1958 totalled $1,500,000,000. The Union, therefore, had a favourable trade balance of $54,000,000 that year. The total trade for 1958 was over $3,000,000,000, compared with a total trade in 1910 of $246,500,000. (The dollar values here have been calculated at the rate of exchange of $2.70 to the £).

Approximately half of our export trade is with Commonwealth countries. Last year, direct South African-Canadian trade amounted to just over $58,000,000. Canada derived great benefit from this trade as she exported goods to South Africa to the value of $51,377,332 and, in return, imported goods to the value of $6,631,912. There is, thus, a considerable inequality in our trade in favour of Canada.

South Africa is today the most highly industrialized and advanced country in Africa. All of her people, White and non-White, enjoy a higher standard of living than those anywhere else in Africa. She is responsible for almost two-thirds of the total production of electricity on the African continent, for about 43 per cent of the total mineral output, and her railways carry about 52 per cent of the total rail freight on the whole continent.

Wage levels in South Africa are the highest on the continent and nowhere in Africa is the purchasing power of money greater than in the Union.

When the Union of South Africa was established in 1910 between the former British Colonies, the Cape of Good Hope and Natal, and the two former Boer Republics, the Transvaal and the Orange Free State, the total population was estimated at 5,878,000. Today it is estimated at 14,928,000 and consists of four main groups.

First, there is the white, or European group—3,123,000. They are the descendants of the Dutchmen who first came to South Africa in 1652 and who, with the addition of French Huguenots and other small European groups, developed into the Afrikaans-speaking South Africans of today. They represent about 58 per cent of the white population. The other 42 per cent, the English-speaking South Africans, consist mostly of the descendants of the British settlers who came to the Cape Colony after it was annexed by Britain in 1805 and, mainly, after 1820.

Approximately 75 per cent of the white population are bilingual since both Afrikaans and English are official languages of the country.

Secondly, there is the large Bantu, i.e. black, population of about 9,500,000. They are the descendants of various tribes which migrated south from Equatorial Africa. As they were moving south, the white settlers trekked north and east from the Cape. It was not until about 120 years after the first settlement was made at the Cape that the two races came into contact with each other. Both the European and the Bantu, are therefore immigrant races in South Africa, and both are permanently settled in South Africa. I may add that when they arrived, the country was practically uninhabited except for some roving Hottentot and Bushman tribes. From the beginning, the Europeans and Bantu occupied land which they themselves had chosen in the course of their respective migrations. The very nature of the country provided the space, the opportunity, and the freedom for the various groups to live their own lives, in their own way, in their own areas.

I must emphasize that the 9,500,000 Bantu, as such, are not a homogeneous united race. They consist of various tribes, or nations, such as Xhosa, 2,800,000; Zulu, 2,500,000; Southern Sotho, 1,000,000; Northern Sotho, 1,000,000; Iswana, 800,000; Tsonga, 400,000, etc. They all have different cultures, customs, and languages. In addition to this, there are also vast differences in their stages of evolution, varying from extreme primitivism (in which witchcraft still forms a basic part of their make-up) to a handful of highly-educated intelligentsia.

Thirdly, there are 1,450,000 Coloureds. They are a mixed race—descendants of Malayans, who were introduced as slaves chiefly from the Dutch East Indies, and remnants of the Hottentot tribes that were wiped out by an epidemic of smallpox in 1713, with some admixture of Bantu and European blood.

Lastly, there are about 450,000 Indians—persons of Asian origin. They are mainly the descendants of indentured labourers brought by the British from India after 1860 to work in the sugar cane fields of Natal.

This is the intricate racial pattern which exists in the Union.

Mr. President, as a multi-racial state, it would be unrealistic to deny that we are faced with an extremely complex situation. We are not oblivious to the happenings on the African continent. Every endeavour is being made to promote as rapidly as possible the well-being and advancement of our non-white races. In this regard I shall be speaking mainly about the Bantu, who are numerically South Africa's largest population group.

There is a tendency today to minimize the contribution of the Whites to the Bantu's development. It would therefore appear pertinent here to draw attention to the role the Whites have played in promoting the development of the Bantu.

South Africa is ahead of all countries in sub-Saharan Africa regarding the solution of the problems of urbanisation and provision for housing of the Bantu. Through the combined force of mass production techniques, good organisation, and low-cost building materials, the back of South Africa's slum problem has been broken. In the short space of eight years, more than 130,000 full family-sized brick and concrete houses have been built, providing accommodation for over half a million people.

Astonishing progress has been made in the field of literacy and education of the Bantu. The European people of the Union are committed to a policy of educating and civilizing the Bantu.

Since the Bantu Education Act was passed in 1954, the number of Bantu pupils attending school has increased from 700,000 to 1,500,000. Today there are 6,336 Bantu schools under the jurisdiction of the Department of Bantu Education. In addition, there are hundreds of Roman Catholic and other schools.

The Bantu Education Act gave the Bantu parents, for the first time, a real voice in the education of their children. Today there are 483 school boards and 4,100 school committees consisting entirely of Bantu members. There are more than 25,000 Bantu teachers with 6,000 student teachers in 43 training colleges. It is acknowledged that the schooling the Bantu receive in the Union is the best in Africa. The literacy rate is rising fast, and it is anticipated that in another generation 90 per cent of the entire Bantu population will be literate.

There are at present 49 Bantu attorneys in practice, 76 Bantu librarians, 81 medical doctors, 7,500 nurses, 73 chartered accountants, 176 laboratory assistants, and 61 Bantu qualified in analytical chemistry. 1,700 Bantu students are attending universities. South Africa already has 2,000 Bantu university graduates and this represents more Bantu graduates than in all the other countries of the African continent put together. The demand for university education has increased considerably in recent years, and to meet this demand, three university colleges, solely for the Bantu, and another at which they can train as doctors, have been established. The cost of education is rising each year, and in 1959 over $25,000,000 was spent on Bantu education alone. This and many other services are provided for them by the Government, the total cost of which amounts to $162,000,000 per year. Of this amount, the Bantu contribute, in direct and indirect taxation, about $48,000,000—little more than one-quarter. These services include pensions for the aged and blind, subsidized transport and housing, free hospitalization and medical services, etc.

One of the biggest specialist hospitals in the world is the Baragwanath Non-European Hospital near Johannesburg, where 182 full-time doctors (including 16 Bantu doctors) and 1,000 Bantu nurses are employed. The hospital contains 2,500 beds. The annual cost of maintaining this vast institution is over $4,000,000 per year.

Many Bantu are sharing in the general prosperity and stability of the Union. Their participation as entrepreneurs in trade, industry and finance grows steadily. There are Bantu businessmen who bank up to $2,800 daily. Under the policy of separate development and with new enterprises, a vast new market is being created with the result that a solid Bantu middle-class is rapidly emerging. All these are factors making for increased stability.

The annual purchasing power of the Bantu is estimated at about $1,500,000,000, i.e., one-quarter of the total buying power of the country. Wages are rising steadily. Over the last three years, they have been increased by over $55,000,000, and increases are being made continually.

The wages paid to the Bantu in South Africa are higher than anywhere else in Africa, and as already stated, the purchasing power of his money is greater than anywhere else in Africa.

Better living conditions, better wages, and the prospect of securing employment have attracted thousands of Bantu from other parts of Africa to the Union.

At any given time, there are at least three-quarters of a million foreign Bantu in the Union. An estimated one-third are there illegally. Surely this vitiates the allegation that South Africa is a land of oppression.

Mr. President, I mentioned earlier that the Europeans and the Bantu, from the beginning, occupied land which they themselves had chosen. Both groups therefore have historic claims to the land they occupy. Far from being annihilated by the Europeans, the Bantu peoples are still in possession of their land which, by and large, comprises some of the best land in the country. These territories—their traditional homelands—are safeguarded for their posterity. By law they possess the sole and inalienable right to these areas since no one else is entitled to buy or procure land there.

For the white population, South Africa is their only home. They cannot return to the countries of their forbears. Nor can the Bantu. Not only are the white South Africans entitled to the protection of their nationality, but the different Bantu peoples are equally entitled to the fullest development of their nationality. This principle is basic to the Union's policy—the policy of separate parallel development (*apartheid*). This is no new policy—it is South Africa's traditional policy.

I shall now deal briefly with the main features of this policy. In a speech delivered as far back as 1917, General Smuts stated, *inter alia*:—

> A practice has grown up in South Africa of giving the Natives their own separate institutions on parallel lines. On these parallel lines, we may yet be able to solve a

> problem which otherwise may be insoluble. . . . These political institutions should be different while always proceeding on the basis of self-government.

This policy of "separate institutions along parallel lines" envisages the agricultural, economic, and industrial development of the Bantu territories or homelands, as well as their political development to eventual self-government.

I have mentioned that the Bantu are still in possession of their traditional lands. It is estimated that 28 per cent of the Bantu are in the European urban areas, 30 per cent in the European rural areas, whilst 42 per cent, or 3,600,000, still live in their territories or homelands. These territories, including additional land to be acquired under existing legislation are, comparatively speaking, larger than England and Wales, nearly one-third the area of France, twice the size of Austria, and slightly less than the combined areas of the New England States (*viz.,* Connecticut, Massachussetts, Rhode Island, New Hampshire, Vermont and Maine).

As far as the agricultural development of the homelands is concerned, great and rapid strides are being made to improve the Bantu's primitive farming methods. In the past few years, for example, more than $33,000,000 have been spent on agricultural and forestry development alone. Great advances have been made in livestock improvement, in raising cereal production, in the production of sugar cane, citrus fruits, and fibre, in checking soil erosion, and in land and water conservation. With agricultural development going on apace, it is considered that there is no reason why the homelands cannot support a population of at least fifteen to twenty million.

However, total reliance cannot be placed solely on agricultural and farming development. Industrial and economic development are also necessary.

In order to promote the industrial and economic development of the Bantu territories, to encourage purely Bantu industries, and to act as a financial and investment development institution, the Bantu Development Corporation was created last year with an initial capital of £500,000 (about $1,400,000) provided out of Government funds. As and when further funds are required, the Government will make the money available. It is not the idea that the Bantu Development Corporation should become a shareholder in Bantu companies, but its purpose is to assist those companies to develop. Nor is it the purpose of the Corporation to distribute profits, but to plough them back into the Corporation for further use. The first Bantu industry—a furniture factory and saw-mill, costing one-half million dollars has already been established. White industrialists will not be permitted to develop industries in the Bantu homelands—the policy being that the interest of the Bantu in their own territories must always be protected.

Together with the establishment of industries in the homelands, the Government, after consultation with industrialists, has this year drawn up a comprehensive plan for the establishment of manufacturing industries on the borders of the Bantu territories.

The principal aims of this plan are to create additional opportunities for labour, to curtail the flow of Bantu in seek of work from their homelands to existing overcrowded urban areas, and to promote the decentralization of manufacturing industry, which is at present highly concentrated in only four areas. A further advantage of this scheme is that the workers will be able to earn the high wages which are associated with manufacturing production, will be able to return to their homes just across the borders, and will be able to take home their weekly wages and so contribute to the economic welfare and viability of their homelands. I may add that keen interest, also by international concerns, is being shown in this plan of establishing industries on the border of the Bantu territories.

I have dealt with the economic aspect of South Africa's policy for the Bantu territories. I shall now deal with the political aspect.

In order to give the Bantu the right to manage their own affairs in their territories, legislation was passed by the Union Parliament in 1951 and 1959 providing for the establishment of Bantu Tribal or Community, Regional, and Territorial Authorities on the basis of the different ethnic groupings among the Bantu. The Bantu proceed from the single authority (chief-in-council) to the regional authority (a group of tribal authorities) to the comprehensive territorial authority, which is virtually a Bantu parliament where various regional authorities combine in an authoritative body to exercise jurisdiction over a large area, the national homelands. The three stages of self-government may be likened to a purely local authority, a provincial authority, and a national authority. The principle followed is that representative Governmental bodies should not be forced on the Bantu from above, but that they should come into existence as a result of a national evolution from below. By this means, there will be avoided the tendency to despotism and the creation of virtual dictatorships. There will be a system of representative and responsible government, which will eventually lead to the establishment of six or more completely self-governing states. Of the possible 400 to 500 Tribal or Community Authorities, 371 have already been established, whilst forty-eight Regional Authorities and two Territorial Authorities have been established. More will come into being as the Bantu progress.

These authorities consist entirely of Bantu members with a Bantu chairman and a Bantu secretary. Powers of taxation and of civil and criminal jurisdiction are being extended to the authorities on an increasing scale as they progress. All the administrative functions in their homelands will be handed over to them.

For the purpose of maintaining liaison between these Territorial Authorities and the Union Government, a Commissioner-General will be appointed to each of the Territorial Authorities. Two have already been appointed.

We see the future political development of these Bantu territories along the lines of the constitutional development of the British Commonwealth. The relationship between the Union and these self-governing Bantu states will be somewhat similar to that existing between members of the Commonwealth. Our Prime Minister recently described the future relationship as "political independence combined with continuing economic inter-dependence".

This policy has been warmly welcomed by responsible Bantu leaders in the Territories.

What about those Bantu who live and work outside the Bantu homelands? I have explained that those in the homelands will have political rights. The Bantu outside will be able to return to their own territory at any time to exercise their political rights there. The vast majority of the Bantu outside of their territories have maintained their links with their homelands. It is proposed to have in the main urban centres representatives of the different Territories who will be able to make representations to Governmental or to local authorities on their behalf. In fact such representatives have been appointed. Urgent attention is now also being given to transform existing urban Bantu Advisory Councils into Urban Bantu Authorities.

I have sketched for you, Mr. President, South Africa's economic and industrial progress since 1910 and what has and is being done for the advancement of the Bantu. There have, however, also been other developments particularly on the constitutional side which have culminated this year in the holding of a referendum as to whether the Union should adopt a republican form of Government or not. As you know the result has been in favour of the Union becoming a republic.

The Prime Minister has repeatedly expressed the desire of the Government that South Africa remain a member of the Commonwealth.

The Prime Minister also stated that it would not be advisable or feasible to call a special session of Parliament since Parliament meets in any case in about three months' time. He said further:

> There is much to be done and many preparations to be made. Attention must be given to matters relating to the external relations of the new State, including that of her relations with the Commonwealth. The time needed for this will, it is hoped, be utilized for adjustments to the new situation by everybody concerned. Furthermore, Parliament might deem it of value to associate the birth of the republic with an historic date such as the 31st of May.

I might mention here that it was on that date in 1910 that the Union of South Africa was established.

As far as the new constitution is concerned he said:

> The draft constitution based on existing constitutional

legislation will be published as soon as possible. After the acceptance in principle by the House of Assembly, it will be sent to a joint Select Committee of both Houses of Parliament. This procedure will be adopted to enable all to participate in perfecting this legislation in a practical way. It is all the more applicable because the Bill will be a consolidating measure.

As to the future, Mr. President, we look forward to continued economic and industrial development.

In regard to our non-white races, we shall continue to promote their economic and political advancement as rapidly as possible. Not only do we want to preserve the future of the Whites but we also want to safeguard the future of our non-Whites. In our task, we need the understanding of our friends who know that South Africa is a reliable supporter of the Western World.

In conclusion, I wish to echo the words of our Prime Minister when he recently said that among nations South Africa wants no enemies but seeks only friends, and for its own people, white and black, the Government desires happiness and progress.

THANKS OF THE MEETING were expressed by Mr. Sidney E. Ashley.

"SOME PROBLEMS OF CANADIAN TRADE"

An Address by

ROBERT M. FOWLER
President, Canadian Pulp and Paper Association
President, Newsprint Association of Canada

Thursday, November 3, 1960

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: The name of Robert MacLaren Fowler appears very frequently in our Canadian newspapers for a variety of reasons. For the past fifteen years he has occupied, and continues to occupy, the Presidency of the important Canadian Pulp and Paper Association and the Newsprint Association of Canada. There is no need to remind this audience of the vital part that newsprint plays in our Canadian trade, and in the building up and maintenance of that trade, our guest has rendered a very important service.

It is a great personal pleasure to me to welcome Mr. Fowler here today, for we attended law school only one year apart. Our guest was an honour graduate in law from Osgoode Hall in 1931. For the next six years—in the very heart of the depression as we soon found out—Mr. Fowler practised law in Toronto with McMaster, Montgomery, Fleury and Company. Then, for two years he took on an interesting assignment as legal secretary to the Chairman, the late Chief Justice N.W. Rowell, of the Royal Commission on Dominion-Provincial Relations. Then came another term of law practice in Toronto until 1942 when our guest was appointed Secretary and General Counsel of Wartime Prices and Trade Board, Ottawa. This service continued until 1945 when he assumed the high post he presently occupies as the official representative of the newsprint industry, with his offices in Montreal.

But Mr. Fowler's activities have extended far beyond the newsprint industry. To mention only a few of these activities: he is presently Co-chairman of the Canada-United States Committee of the National Planning Association; and also is Chairman of the Royal Commission on Broadcasting (1956-7); Governor of the Royal Victoria Hospital, Montreal; Chairman for 1953-4 of the Executive Council, Canadian Chamber of Commerce; and President of the Canadian Institute of International Affairs, 1945-50.

Mr. Fowler has a busy home life. In 1934 he married Sheila Gordon Ramsay of Toronto and they have five children, two girls and three boys. I now present to you Mr. R. M. Fowler whose subject will be "Some Problems of Canadian Trade".

MR. FOWLER: I am very glad indeed to have this opportunity to come back to Toronto, where I spent about half of my adult life before moving to Montreal. While the decade of the thirties and the early war years did not seem at the time to be a particularly easy or encouraging period, they seemed, at least through the eyes of a then-young lawyer, to have been relatively simpler, and we seemed to be able to be more certain of the answers to our problems than we are today. Perhaps this is saying no more than that a lawyer's life before the war was more definite and specific in its problems and their answers than the life of a businessman is today. In any case, I am glad to be back in Toronto; to see a number of old friends in this audience; and particularly to address you today under the chairmanship of Alex Stark, who is a former legal colleague and an old friend.

I am billed today to talk to you about some of the trading problems we are now facing in Canada. I must say that I did not find any lack of problems or that it was possible to deal with them in any light-hearted or entertaining manner. The problems are many, and they are serious.

I do not mean to suggest that the Canadian economy is today in a state of collapse or that our long-term future cannot be as bright as our more enthusiastic optimists have said it will be. But I think our future will only be a good and satisfactory one if we make it so. I believe the time has come when we cannot postpone for much longer decisions as to the courses we will follow and action to implement those decisions. We must soon, I suggest, be clear as to the causes of our present plight and devise appropriate action to deal with the problems we are facing. This, if you like, is a call for leadership in our economic affairs—a plea that we get away from emotional generalities and get down to specifics and to action. We need people to tell us what we can do—not what we cannot do. And I had better, in a modest and minor way, try to take my own advice.

What do we find today? What is the state of the nation in the closing months of a year that was supposed to be a booming start on a brilliant decade? Our production is holding up fairly well; export trade has increased a little; inflation no longer seems to be a danger; consumer demand has been reasonably steady. But in almost every industry there is a substantial amount of productive capacity standing idle. There is widespread uneasiness and concern about the state of the economy, as the performance of the stock market clearly demonstrates. There is a distressing tendency to look around for scapegoats, and the easy and popular escape-hatch of the moment is to blame everything on the Americans. I can think of no easier way for a Canadian speaker to hit the headlines than to view with alarm our "dependence" on American trade, or to suggest that American investment in Canada is stealing our birthright. But above and beyond everything else, there is the fact that we had, even under the revised statistics, 327,000 people without work last September. Think what this means in terms of human values, particularly at the season when employment should be high, and we are facing an inevitable seasonal decline in the winter months. Multiply this figure by the dependents of those who are unemployed; whether you take three to one or four to one, it comes to a figure of a million or more Canadians who face uncertainty and dissillusion. The idle machines may not matter very much; the idle people matter a great deal.

The plain fact is that growth in the Canadian economy has almost disappeared during the last four years. The average Canadian in real terms, after allowing for price changes, is worse off in 1960 than he was in 1956. Our problem is not that we have been trying to do too much too fast, but that we have not been doing enough. The statistical evidence to support these rather positive conclusions seems to be convincing.

If the period between 1950 and 1959 is broken down into three equal three-year periods, 1950-53, 1953-56, and 1956-59, the declining rate of growth becomes evident. It so happens that each of the years 1950, 1953, 1956, and 1959 fall at about the same point in the business cycles and thus comparisons between them will largely wash out cyclical influences. We find that gross national product in constant dollars in 1953 was about 20 per cent above 1950; in 1956 it was about 15 per cent above 1953; but in 1959 it was less than 5 per cent above 1956. Industrial production rose by about 20 per cent in each of the first two three-year periods but was only about 7 per cent higher in 1959 than in 1956. The comparisons for real labour income, personal consumption expenditures, volume of business investment, and physical volume of exports show a similar trend.

Many of the causes for this slow-down in the Canadian rate of growth were beyond our control and the result was largely inevitable. From 1945 to 1956 Canadian industry expanded rapidly to meet rising demands; these demands seemed insatiable and competition was relatively light. There was over-expansion of capacity with the result that today we have idle capacity in almost every industry. Meanwhile, other nations in Western Europe, and Japan, were reconstructed and came back as active and efficient competitors in world markets. During the long period when production was our only objective, Canadian costs rose and they are a serious disability in the face of renewed competition both within Canada and in the markets of the world.

This story is not told for the purpose of assessing blame for the past, but only to try to define the nature of our economic problems as a guide for the future. If Canadian growth has slowed down, every policy should be directed towards getting growth started again as rapidly as possible and in as large volume as possible. This, I suggest, is the only real solution of the present serious unemployment in Canada.

You are entitled to ask any one who talks in this way to give at least some concrete examples of what might be done. I will give you three or four suggestions of policies that might be tried, and two examples of policies that seem to me to be dangerous and undesirable.

First, I think we should all recognize that our present rate of economic growth is unsatisfactory and must be stimulated. Any one who ventures to point out the facts of life in Canada today should not be regarded as some kind of anti-social animal and accused of being a prophet of gloom and doom. No one is suggesting that Canada is in a state of collapse or that we are facing an old-fashioned depression. People in other countries can read the statistics as well as we can, and we fool no one by the dangerous game of refusing to face unpleasant facts. Instead we will inspire much more confidence abroad if we are clear-eyed about our difficulties and show that we are trying to do something about them.

Then, I think, on a more specific point, we could do with a moderate and gradual expansion of the money supply which has been held rigidly for some time. I do not pretend to be an expert on this complex subject, but such an expansion would ease interest rates and provide a little more financial elbow-room for our industry to grow and develop.

Thirdly, I suggest it should be made a specific and urgent objective of Canadian policy to bring the Canadian dollar down at least to par with the American. In this, you can accuse me, if you like, of special pleading, as this would obviously benefit the exporting branches of the pulp and paper industry. Admittedly, a dollar at par would have benefitted the Canadian exporters of pulp and newsprint to the tune of of some fifty million dollars in 1959, or would have enabled them to compete more effectively in export markets. But the disadvantages to our domestic industries of the dollar premium are probably even more important and serious causes of their present difficulties. This is one subject on which both "primary" and "secondary" industries —both world traders and domestic suppliers—should be able to agree. Whatever distressing conflicts there may be between them, however great differences there may be as to the wisdom of higher tariffs or lower tariffs, we must surely agree that it is undesirable to have changes made in this way in both our own tariffs and in the tariffs of other countries to which we export. This is an element in our economic life which inhibits production in both domestic and exporting industries in a way that no other major industrial nation permits today.

Now I know that the Minister of Finance and his advisers argue that to eliminate the premium on the Canadian dollar will require them to enter the money markets to make massive purchases of American dollars and possibly require the re-imposition of wartime exchange controls. I do not agree with this view. This is a sensitive market and it can be influenced by less extreme measures. As with other problems, it can be broken down into smaller components. A reduction in interest rates by an expansion of the money supply would tend to discourage the inflow of undesirable "hot money" to Canada. A narrowing of the present differential between Canadian and U.S. longer-term interest rates would reduce the incentive for Canadian borrowings in the U.S. capital market. We might also consider setting up facilities in Canada which would provide a source for municipalities and provinces to borrow for their needs in Canada, without compulsion, and thus reduce the risks of excessive reliance on this potentially dangerous form of capital inflow. Possibly, too, some system of pre-registration of corporate investment intentions could be established in order to allow some influence over the flow of foreign investment to Canada without formal control.

Such steps as these are fully within the constitutional powers of the Federal Government. They would all tend towards a reduction of the premium on the Canadian dollar. If they did not fully succeed they would not involve serious burdens or irrevocable actions. It would be encouraging to find that active steps were being taken to deal with this dollar problem and we could consider later if more vigorous and perhaps more controversial action was required.

Finally, to stimulate Canadian economic growth, I suggest that a revision of our tax system is overdue. The present tax structure grew up in very different economic conditions than exist today and taxes at present high rates have a powerful influence on growth. I think, for example, we could make a much more imaginative use of accelerated depreciation on a selective basis to assist domestic industries which are in competitive difficulties and to locate industries in areas that are chronically in trouble. I think we could also take a look at revisions of the income tax laws with a view to stimulating demand which should be our major objective.

So much for an indication of the policies we might consider to produce a renewal of Canadian economic growth.

The two policies which I would like to caution against will have to be dealt with briefly as I must not go on too long.

The first is that the time may have come when someone should say that it is both childish and churlish, and dangerous too, to blame the Americans for our present economic difficulties. I think we have serious problems of maintaining our national identity against American influences, but I suggest our attention will be diverted from our real problems if we continue to over-emphasize our so-called dependence on trade with the United States or the heavy investment by Americans in Canadian industry. I suggest to you that the non-economic influences are important: the television and radio programmes, the movies, and books and magazines. These cultural encroachments—valid enough in themselves—are serious and pervasive and we must, at considerable cost, seek to build a Canadian off-set against them. But trade and constructive investment are valid and desirable assets which strengthen us and do not threaten our independence as a nation.

The reason for this view is a simple one which, however, is easily forgotten. We do not, except for a few aeroplanes and military stores, trade with the United States. We buy and sell with individual Americans. Similarly, so far as I know, we do not borrow capital from the United States, but from individual Americans: banks or investment houses, or corporations, or investors. It is not state trading and it is not American foreign aid that we are getting.

I can see no virtue or defect in the fact that we sell a carload of newsprint to a Canadian or an American publisher. I do not think it adds one jot to our independence if the buyer happens to be a Canadian nor does it detract from national identity one scrap if he is an American. There is simply no dependence effect—in national terms—from trade, either exports or imports. In fact, the greater our trade, the greater will be our ability to maintain and develop our national character and culture.

Similarly, whatever future difficulties it may create for debt service or balance of payments, I can see no threat to Canadian independence from private American investment in this country. If we opened the door to receive their money, and it is now safely in Canada in the form of bricks and mortar and machinery, we can easily see that it performs satisfactorily according to Canadian standards—by persuasion preferably, by legislation if necessary. The fact is that we needed this investment in the early post-war years and it contributed greatly to our then rapid growth. The fact also is that we will continue to need foreign investment in Canada. We simply do not generate enough capital of the right kinds to meet our needs for the growth we want. I hear many questions asked today about the Canadian climate for investment. If we are not careful, we may find that foreign investment will turn to other more agreeable and enticing places, of which there are many in the world. If this happens, we will wake up to find that our growth has been sharply and shockingly arrested.

The other word of caution is about domestic trading policy. We hear much today about our large volume of imports. It is suggested that it would be nice if we made these things ourselves and gave more employment to our local industries. Some more protection—higher Canadian tariffs—would do the trick. This is dangerous and unrealistic talk.

Our present trading system is the result of a long series of post-war international agreements, and we can today make no extensive tariff increases without breaking our Canadian word. We gained trading concessions from other countries as the price of our present tariff levels, and if we raise them we go back on our bargains. Nor can we impose quotas; there is no legislation in Canada which allows the government to impose quotas, and it would be an odd step for a nation that has preached loudly and long against quotas by other countries to create this power now. These are powerful, practical reasons against a resort to increased protection. But there are even more basic reasons against such a course.

The essential fact is that you cannot improve a high cost economy by making costs still higher. You cannot insulate an entire economy against the influence of world competition. An increase in tariffs means inevitably that Canadian consumers will be compelled to pay substantially more for the things they need and want. And if Canada raises tariffs, we are bound to get retaliation from other countries. The fact is that we already have a favourable balance of trade with almost every major industrial country except the United States. We now sell more to each of them than we buy from them—the United Kingdom, and France, and Holland, and Japan. If we shut off their goods, they will shut off ours.

I suspect, however, that the problem is much more fundamental than this. I suspect it is not really a question of how we sell our wheat to Japan, but how Japan buys wheat from us. In a word, it is how the Japanese eat and what happens in the world if they don't eat. This example and its implications can be extended around the globe.

More generally, a retreat to protectionism would be a political disaster in world affairs.The protectionist sentiment is growing. It is here in Canada. It is clearly evident in the United States, and it is said to be showing itself in Europe. At the same time, the less-developed nations of Asia, Africa, and Latin America are seeking foreign investment to raise their industrial and living standards. For a variety of reasons, the more developed nations are pouring vast amounts of capital into these countries to speed their industrialization. If this is successful, they will want and need not only capital and technical assistance, but markets for their products too. It is a basic contradiction of policy for the major industrial nations to put money into Asia, Africa, and Latin America, and at the same time to be regarding increased protection as a possibility.

You know; we have been through much of this before. If you cast your minds back thirty years you will remember the Smoot-Hawley tariffs in the United States. They were only part of the breakdown of world trade which made the emergence of Hitler easier and the Second World War inevitable. The one difference is that that time we managed to mess things up among ourselves. Today there is an outside powerful nation waiting off-stage, ready and eager to pick up the pieces.

THANKS OF THE MEETING were expressed by Mr. Arthur E. M. Inwood.

"THE FORMIDABLE REALITY OF KHRUSHCHEV'S RUSSIA"

An Address by

JAMES S. DUNCAN, C.M.G., LL.D.
Chairman
The Hydro-Electric Power Commission of Ontario

to a Joint Meeting of the Toronto
Board of Trade, the Canadian Club of Toronto,
and the Empire Club of Canada

Monday, November 7, 1960

CHAIRMAN: The President of the Toronto Board of Trade, Mr. William E. Williams.

MR. WILLIAMS: It is a pleasure for me to be here to introduce my friend, Jim Duncan, to this audience although my presence is, in a large measure, superfluous. By this I mean that introducing Mr. James Duncan to a Toronto audience is rather similar to introducing Prime Minister Diefenbaker to the House of Commons.

Mr. Duncan, as you know, has had a long and illustrious business career, and I shall not attempt to detail this other than to give you a very few high points. Mr. Duncan's major business experience was with the Massey-Ferguson Company, which he headed for many years. A world traveller, Mr. Duncan speaks several other languages fluently in addition to the impeccable English which you will hear today. He is perhaps, by far, the most widely travelled man on the Toronto scene, having literally covered every inch of the world many times.

His present post is Chairman of the Hydro-Electric

Power Commission of Ontario. Mr. Duncan is a Past President of the Board of Trade of the City of Toronto; he has been Chairman of the Toronto United Community Chest, and since 1949 has been Chairman of the very influential Dollar-Sterling Trade Council. He is a Governor of the University of Toronto, a Director of Atomic Energy of Canada, and of the Industrial Foundation on Education.

Without further extending this introduction of a man already well known to you, I would like to close by saying that Mr. James Duncan is one of the few major business executives who looks like the popular concept of a business executive rather than being the balding, portly type who are so often business executives.

Without further ado, I give you Mr. James Duncan, Chairman of The Hydro-Electric Power Commission of Ontario.

MR. DUNCAN: May my first words be to express my appreciation at having been asked to address this influential and distinguished audience and to have been given this opportunity of telling you something of the conclusions which I have arrived at following my return four months ago from an extensive visit to the U.S.S.R.

During the past few years, we at Ontario Hydro have received numerous visits from Soviet engineers, scientists, and others connected with their power industry. They have visited hydraulic and thermal installations in Ontario and throughout Canada, and it was felt by many of us, that in view of the important developments which are taking place over there, it was time that a delegation of power men from Canada paid them a return visit.

Accordingly, a group of executives and senior engineers, drawn from many of our most important utilities and research and development centres, proceeded to the U.S.S.R. from London on May 14th. I was chosen as the leader of this delegation. The object of our visit was to acquaint ourselves with the progress which the U.S.S.R. is making in the development of hydro-electric, thermal, and nuclear facilities, to investigate their progress in connection with extra high voltage long-range transmission, and to arrange for future exchange visits of specialists.

I will not dwell at any length upon our findings, because these have been set forth in a forty-one page report which was prepared by Ontario Hydro and agreed to, with certain modifications, by all our delegates, and it has been given wide circulation.

Our delegation covered over 8,000 miles in the U.S.S.R., travelling as far east as Irkutsk on the Great Angara River flowing out of Lake Baikal, and but two and a half hours by jet plane to Peking in China.

We visited great cities and power facilities, including Sverdlovsk where the U-2 was brought down, and impressive industrial centres in European Russia and the Ukraine such as Kuibyshev, Stalingrad—whose heroic defence against the German invader will still be fresh in your minds and which was 95 per cent obliterated—Stalino, Kharkov, and, of course, Leningrad and Moscow.

Among the hydraulic plants visited was one at Bratsk in Eastern Siberia which, when completed in 1963, will have a generating capacity of 4½ million kilowatts, or more than twice the size of the new St. Lawrence plants at Cornwall, both on the Canadian and the United States sides.

Their largest thermal plant at Lugansk, with a capacity of 700,000 kilowatts, is small in relation to the plants which we are building in Ontario. The Richard L. Hearn station here in Toronto will have a capacity of 1,200,000 kilowatts when completed in the spring of next year, and we are presently engaged in the construction of another at Lakeview—the site of the old rifle range at Long Branch—which will have a capacity of 1,800,000 kilowatts.

Although the Soviets' annual production of electricity has increased immensely during the last twenty years, her installed capacity is still only one-third of that of the U.S.A.

The important factor, however, is that Soviet Russia is proposing to double her output during the next seven years and will probably continue to do so into the foreseeable future, whereas the U.S.A. and Canada are doubling theirs only every ten to twelve years.

This greater rate of production, and the fact that by 1965 the U.S.S.R. expects to generate 50 per cent of the U.S. capacity, is not surprising when one considers the relative stage of development of the two countries.

Indeed, during the war years the U.S.A. installed new capacity at a rate exceeding that of Soviet Russia today. The important factor, however, is the end usage to which this production is being put. Whereas the U.S.S.R. is devoting approximately two-thirds of its production to heavy industry and therefore to war potential, the U.S.A. is only devoting one-third to such purposes, the balance, as is the case in Canada, being placed at the disposal of light industry and commerce and to ensure the comfort, the enjoyment, and the well-being of our people.

The average household in Soviet Russia is allocated only approximately 400 kilowatt-hours per annum, whereas the householder in Canada consumes over 5,600 kilowatt-hours.

The lasting impression which I took away with me from my previous visit in 1955 was the spartan living standard of a hard-driven people: their shabby and colourless clothes, their unkempt appearance, the long queues of patient, stoical, unsmiling women awaiting their turn to enter the overcrowded, old-fashioned little stores; the absence of all forms of luxury, the modest and unattractive goods displayed in the shop windows, the dearth of variety, the sparsity of vehicular traffic in the wide streets of the cities, the deserted airports, and the shabby DC-3 type of two-engine aircraft used almost exclusively for VIP travel.

This spartan way of life was the outward manifestation of the iron will of the Soviet leaders to subordinate the comforts, the pleasures, the well-being of the people to the production of the basic things which they considered essential to the strengthening of the state.

The past five years have brought unbelievable changes in the lives of the people. These have been years of great activity, of achievement, of progress, and of success.

There has been more of everything to go round and the government has progressively increased the allocation of consumer goods.

The airports throughout Soviet Russia are now scenes of activity, with a surprising number of large, modern jet and turbo-jet planes on the tarmac.

Motorcar traffic is still insignificant in relation to that which we are accustomed to, but on the other hand, modern, well-built and commodious buses are in evidence everywhere, and trucks roll along in the cities and on the country roads by the thousand.

The Soviet Union's great building programme, which was already changing the face of the cities and the urban communities during my last visit, has proceeded at an even increased tempo.

Hotels, public buildings, schools, hospitals, centres of culture and education, research institutes, sports arenas, and especially apartment blocks—newly completed or in the process of construction—are in evidence everywhere.

On every side one is conscious of Soviet Russia's growing economy. Factories, both old and new, are working at full capacity. Vast power plant developments, larger than any in this country, are completed or under way. Roads are being built, railway lines are being laid, and great strides are being made in the development and exploitation of the vast resources of Siberia.

Agriculture, the Achilles heel of the economy until three or four years ago, is showing evidence of much greater productivity.

A wind of greater liberalism is blowing through the land and in consequence, the people are more relaxed, less harassed, less tense, more willing to talk and to discuss things.

Their living standards are still modest in relation to those of the West but they have greatly improved. People are better dressed. The women in the larger cities are now wearing high-heeled shoes, simple but becoming dresses, rouge, lipstick, nail polish.

One had the feeling five years ago that the masses of the people—docile, indoctrinated, disciplined, apprehensive, without knowledge of how people live in other lands—accepted their lot without question, but also without enthusiasm. Today, one is impressed with their greater degree of contentment, of buoyancy, of confidence in themselves and in their future. Young people particularly are more inclined to be critical, to look upon Communism as a way of life rather than a religion, less ready to accept the statements of their leaders as sacrosanct.

At no time, however, have I detected any signs of active or organized opposition to the broad policies which are pursued by the government. On the contrary, my impression is that the government is more solidly entrenched today and enjoying greater popular support than at any time since the beginning of the Revolution.

Khrushchev's Russia differs radically from Stalin's Russia. But let us make no mistake about it, the essential characteristics and underlying motivations remain the same.

The government's ability to withold or to slant news, to influence people's judgment, to convert its citizens to ideas which were not previously theirs, to "change their thinking" as the Chinese say, is unmatched by any country in the Western World and is still being carried on with unabated vigour.

The Communists' understanding of the value of constant repetition, of association of ideas, of persuasion, indicates a profound knowledge of human reactions.

It is interesting and disturbing to observe how the constant coupling of derogatory words such as "war-mongering Imperialists" with the word "Americans"—and doing so in every speech, on every poster, in every article in the daily or weekly papers in which the United States is mentioned—gradually conditions the thinking of the people so that America becomes automatically associated with greed, aggression, and imperialism. This is the same America which fought reluctantly in two world wars so that peace and freedom should prevail, which owns no colonial dependencies and never demanded or received a square mile of territory or a dollar reparation.

This art of mass persuasion, cleverly applied by the Communist countries to the hundreds of millions of people living in the uncommitted and underdeveloped countries of the world, presents a challenge to the West to which we have failed to measure up.

Let's look at the record. Since 1940 the Western nations have granted independence to thirty-one countries (including ten small French territories) with an estimated total population of 790 million.

Since that same year the U.S.S.R. has taken control of ten countries: Albania, Bulgaria, Czechoslovakia, East Germany, Estonia, Hungary, Latvia, Lithuania, Poland,

and Romania, with an estimated total population of 108 million, and with proven ability to handle their own affairs.

Among these were countries whose old civilization and culture were deeply enshrined in European history.

This is a far cry from the policy pursued by the West of raising the living standard and education of backward peoples to a point where they could learn to govern themselves.

Listen to the words of Dr. Azikiwe of Nigeria speaking of that country's recent independence:

"We are proud of our British connection. Because we have been schooled in the art and science of democracy for nearly a century, this relationship has enabled us to transform our society into a position of prominence in Africa."

The necessity of this period of schooling has been demonstrated by the events in the Congo, whose citizens were untrained, and therefore unprepared, to govern themselves.

By every measuring stick the U.S.S.R. is the greatest imperialist power in the world today. Yet she has been surprisingly successful in presenting herself to the uncommitted nations in Asia and Africa—yes, and even to countries in the Americas—as the protector of the oppressed and the champion of freedom and national independence.

The Western World is facing a challenge today of developing the art of political argument and persuasion which must be met without further delay, because whether we like it or not, the tide is running against us.

It would be folly on our part should we fail to recognize that Soviet Russia is now approaching full maturity and is continuing to surge forward with imposing strength and vigour.

In my opinion, those articles which we read occasionally, apparently designed to "debunk" the Soviet effort and attainments, are doing us all a great disservice.

The arguments are usually based upon the promise that there is nothing to worry about: that Soviet living standards, or at least her gross national product, will only be 50 per cent of that of the U.S.A. by the end of her Seven Year Plan, and that her production of cars, household equipment, etc., is modest indeed in relation to that of the Western World.

The point they miss is that the remarkable factor in the U.S.S.R.'s economy is not so much the levels which they have reached as the rapidity with which they have reached them. No sensible person should doubt that a nation which builds more machine tools and land-guided missiles than the U.S.A., places sputniks in orbit, and builds steel plants, power plants and jet aircraft which compare satisfactorily with those built or produced in America, could not build household equipment and motorcars on a mass production basis if it wished to do so.

The reason why the U.S.S.R. assigns a lower priority to these commodities is because they interfere with the more basic things which, in the eyes of the government, are more important to the state than goods which would add to the greater comfort and well-being of the people.

It is in this light that we must consider their Seven Year Plan ending in 1965. It looks like an ambitious one with an 80 per cent increase in industrial production. But when one considers Soviet Russia's past record in connection with the fulfillment of its various plans, I would be the last to doubt that it will be attained.

In 1959, the first year of this plan, industrial production increased by 11 per cent, whereas the objective called for an increase of only 7.7 per cent.

A group of American economists recently stated that if Soviet Russia can keep up this tempo, her industrial production will equal that of the U.S.A. in fourteen years —or by 1974.

If this were so, and we must allow for inaccuracies and exaggerations in statistics, then the industrial strength of the U.S.S.R. from the point of view of national development and military power would be greater than that of the U.S.A., owing to the different usage to which she puts her resources.

For instance, notwithstanding an 80 per cent industrial increase in seven years, the U.S.S.R. proposes to build only 200,000 cars by 1965. The Russians state that they don't intend to follow the American example in this respect. They consider the massive construction of automobiles as being wasteful of manpower and raw materials, as well as self-indulgent.

They assure their people that they will provide transportation, but it will be communal transportation only: buses, trucks, railroads, aircraft.

There is no doubt that pressures are building up for a more abundant supply of consumer and semi-durable goods. These pressures will be resisted by the state. Whether the government will be able to continue to resist them is the $64,000 question.

In my opinion, if the day ever dawns when the people of the Soviet Union will enjoy the same degree of comfort and luxury which is the common lot of the North American people, the dangers of world conflict will be immeasurably reduced.

No one who has travelled extensively in the Soviet Union can be unaware of the fact that the people recoil from the thought of war. Because of their tragic experience in World War II and their 20 million casualties and their long history of invasion, of strife, of revolution and of bloodshed, the Soviet people long for peace as sincerely as any people in the world today.

If their viewpoint could prevail, we could set our minds at rest concerning the dangers of world conflict. Unfortunately, the people have little voice in the matter.

On the other hand, it is equally certain that the U.S.S.R. requires a period of protracted peace—just as Red China does—to consolidate her position, to build up her industries, and to achieve that economic superiority over the capitalist states which she fully believes to be just around the corner.

It is obvious, therefore, that the Soviet government doesn't want war because peace serves its interests better.

Just what its attitude would be if the West did not possess such a massive military deterrent force is quite another question.

The Soviet, therefore, stands for peace—but peace on her own terms. And what are those terms? They are the preservation of the status quo and a free hunting licence.

In other words, peace—providing the West accepts the permanent subjugation of the annexed countries of Eastern Europe and does not interfere with her policies of converting independent countries to Communism by subversion, by fear, or by armed intervention.

I have been asked on many occasions since my return from Soviet Russia and even since the astonishing events in New York, with which we are all familiar, whether we should give Khrushchev's proposals for peaceful coexistence more serious consideration than we do.

My answer to this is that I believe the Western World should always be prepared—and indeed I believe she always is—to explore all avenues which would lead to a better understanding between us, to allaying the fears and suspicions which divide us, and to controlled disarmament.

We should always continue to do so with patience, without rigidity, with forebearance, and as much goodwill as is humanly possible for people to muster up when they are the ever-recurring recipients of every form of vulgar abuse and invective, which a vivid imagination, a disciplined temperament, and an unfortunate upbringing can devise.

On the other hand, we must be realistic about these things. We would indeed be very naive if we didn't appreciate the powerful propaganda impact of the Soviet's call for peaceful coexistence.

What could be more desirable? Who would not support the idea of our two differing ideologies living side by side in a world at peace?

By calling for peaceful coexistence on every occasion and from every platform, the Soviet leaders convey the impression, not only to their own people who recoil from war, but to the simple people living in the underdeveloped countries—and indeed to all peoples who do not understand their underlying motives and ultimate objectives—that the Soviet leaders are men of peace; that in consequence, if agreement is not reached, the Western leaders, the alleged "Imperialists", must be men of war and aggression.

Let us not overlook the important and frequently forgotten fact that the Communists' approach to public utterances, to the given word, or to the signed agreement is very different from ours. We believe in the sanctity of truth, but untruth is not unethical in Marxist philosophies.

In Lenin's own words, "The concept of truth is subordinated to the concept of proletarian victory and does not count unless it serves this end."

And then again he states, "Loyalty to the Communist Party must be combined with our ability to scheme, to sign agreements, to zig-zag, to retreat, anything to hasten the coming into power of Communism."

Some of you may have heard or read that I attended a luncheon in New York at which Premier Khrushchev spoke. It was interesting to see this consummate showman in action. I have rarely listened to a more plausible speech more plausibly expressed. The difficulty begins, no doubt, when one has to follow up on it, to try to convert the beguiling words into action, to reach common ground. It must be like fighting with a pillow, a frustrating pastime because one never gets anywhere.

During his trip to the U.S.A. approximately one year ago, Premier Khrushchev stated that peaceful coexistence was the declared policy of the U.S.S.R. But he added with unexpected frankness that this did not mean the suspension of the underlying conflict between our societies.

But what is this underlying conflict? It isn't Communism versus Capitalism, of which we hear so much in Russian and Chinese propaganda. These are merely words to play on. To begin with, the system which exists in Soviet Russia today is not Communism at all but state capitalism operated under an efficient dictatorship. And the thing to which the Western World is dedicated isn't capitalism as such, but individual freedom and the protection of our time-honoured institutions which safeguard these freedoms.

The real issue which divides us is the Soviet commitment to the inevitable transformation of all other states to the Soviet system. This is indeed the essential cause of conflict, this basic conflict which is so frequently glossed over by Soviet Russia, but stated with the utmost clarity by the People's Republic of China.

Until the Communist nations abandon this objective of coercing other nations by force, by economic pressures, or by subversion into adopting their political philosophies, talk of peaceful coexistence can only be realistically regarded as a means to an end, a time-saving device, a clever and effective propaganda device.

In the meanwhile, the unbelievable performance at the United Nations during the last few weeks all points with even greater clarity to the fact that, regardless of the sacrifices involved, we in the Western World must redouble our efforts to meet this challenge, not only in the field of overwhelming deterrent military forces but economically,

Lady Tweedsmuir Meeting, November 17th, 1960

Hon. Mr. Justice Samuel Freedman Meeting, January 5th, 1961 educationally and, of equal importance, in our relations with the less fortunate people in the underdeveloped countries.

Let us be quite clear about this, the Western World's survival as free, independent, democratic peoples depends upon our ability to do so.

However, there is, I believe, just a glimmer of light in the clouded sky which may well presage the dawn of a better understanding between our two nations.

This hope is based upon the Russian people themselves. So many of the differences which divide us spring from a genuine misunderstanding of the events which have taken place since the end of World War II.

But universal education, which is progressing so rapidly in the U.S.S.R., and a growing measure of independence will increasingly make themselves felt, and it is perhaps not too much to hope that many of these misunderstandings will eventually be cleared up.

There is an old saying which has a great deal of merit. Truth always catches up with a lie. It takes a long time sometimes, but it usually does in the end.

The Russian people, for instance, having heard but one side of the story, genuinely believe that our policies of a "cordon sanitaire" of bases surrounding them and the organization of NATO are a clear and irrefutable indication of our aggressive intentions.

The leaders know, but the people do not, why these bases were built and why NATO was organized.

The people do not realize that the Western World believed when World War II was over that peace had been solidly established. We were too credulous, we disarmed too readily.

The people of Russia do not know that the series of aggressive events which then followed, including the subjugation of important groups of previously independent nations, and then the Berlin blockade, threatened the independence of friendly nations, including Western Germany, France, Austria, and even Great Britain herself.

They do not understand that the Western World had no option but to rearm, that Russia had left no other avenue open to us, if our liberties and our freedoms were to be safeguarded.

The Russian people do not know these things. They have been told, and they firmly believe, that proud and independent nations like Czechoslovakia, Hungary, Bulgaria, East Germany, Poland and others, joined the U.S.S.R. by their own free will because they yearned to give up their independence and to become submerged in the great Soviet Union.

They don't refer to them as the "Satellite Countries" but as the "New Democracies", as if they were not democracies long before they lost their independence. My hope for the future is that the day will dawn when, as a result of the education of the masses and greater access to world news, the truth will gradually sift through to the masses of the people, and the logic of our defensive policies will become apparent.

In the meantime, let us not be too rigid in our official dealings. Let us recognize that some of the bluster and rough talk springs from a sense of insecurity, of fear, and of suspicion. Let us be patient, let us continue to talk, to discuss, and to negotiate, and while these conversations are being carried on, let us stimulate cultural relations between our two nations. Let us increase, where possible, the exchange of students and the number of visits by delegations and individuals who travel from our countries to the Soviet, and particularly those who travel from the U.S.S.R. to our countries. Let us place our faith in the friendly, openhearted Soviet people.

They don't want war any more than we do, and perhaps in the fullness of time their views will prevail.

In the meantime, let us be quite sure that we follow the precepts of Oliver Cromwell when he said to his men on the eve of battle, "Put your trust in God but mind to keep your powder dry."

THANKS OF THE MEETING were expressed by Mr. Harry H. Wilson.

"FORMULA FOR GROWTH"

An Address by

WILLIAM O. TWAITS
President, Imperial Oil Limited

Thursday, November 10th, 1960

CHAIRMAN: The President, Alexander Stark, Q.C.

MR.STARK: William Osborn Twaits,President of Imperial Oil, began his career with the company after graduating from the University of Toronto in 1933. He gained a broad experience of the oil industry by working in many of his company's departments before joining Imperial's Board of Directors in 1950.

Born in Galt, Ontario, in 1910, Mr. Twaits grew up at Sarnia, where Imperial has its largest refinery. It was not until he was nearly ready to graduate from university that he considered entering the oil business. His career has since followed the pattern of Canada's oil industry. In the oil-hungry war years, he worked on production control and was involved in the polymer synthetic rubber development which Imperial helped to set up. Soon after the company's Leduc discovery revealed western Canada's oil possibilities, he was in Calgary as a member of the management group in Imperial's western producing division. With marketing assuming growing importance in recent years, he has been directly concerned with shaping the company's marketing policy.

After joining Imperial's board, he was appointed a Vice-President in 1952, Executive Vice-President in 1955, and President in 1960.

Mr. Twaits has an active interest in higher education in Canada, and holds an honorary doctorate from Acadia

University. He is a member of the Board of Governors of the University of Toronto and of the Board of Regents of the University of Ottawa.

He has been on the National Executive Board of the Canadian Arthritis and Rheumatism Society for four years, and was its President for two. He is active in the United Community Fund and the Canadian Welfare Council. He is a Director of Maple Leaf Gardens, and a member of the Advisory Board of the Toronto Argonaut Football Club and the University of Toronto Athletic Association.

Mr. Twaits is married to the former Frances Begg and has two daughters. At home, in Toronto's Forest Hill Village, he relaxes at the piano or listens to records. Biography and historical fiction are his reading favourites. He has a golf handicap of four, and likes to hunt and fish whenever he can. I now present to you William O. Twaits, who will speak to us on the topic, "Formula for Growth".

MR. TWAITS: The other day when I was watching some television reporting on the recent American election, I noticed a large picture poster of Franklin Roosevelt and I couldn't help wondering whether I wasn't back in the early thirties—about the time I started my business career. Then the price of gold went up, and I was sure I was back.

Once you begin such a train of thought, the superficial similarities between current public discussion and those of the middle thirties multiply and the process of comparing the two periods becomes very thought-provoking.

We had a terrible depression in the thirties. We hear much today about a "recession", but we now know this is not a depression (and perhaps not even a recession) because our statistical information has greatly improved. We know that employment is increasing although unemployment is also on the increase. We know what is happening to the national income; we know what is being paid out in unemployment insurance—which didn't exist in the early thirties—and we are therefore in a much better position to appraise the economic situation than we were thirty years ago. After examining the numbers, some call this simply "the smallest boom in history", for the current level is much higher than a few years ago!

But for those who don't know the economic data, or for those whose jobs are directly affected, conditions today look very much the same as if a depression existed. One result of this is that what one might call the "sound-effects" of today are beginning to sound pretty much the same as those of an authentic depression. If one were only going by what one hears, it would be very difficult to tell the difference.

And that is probably the most serious danger that Canadians face. Elections are not won by statistical reviews and economic summaries. They are won by what people think and feel, and the great danger of the current situation is that people will *feel* that conditions are much worse than they really are and *think* that drastic remedies are the only solution.

Quite a few drastic solutions have been floating around recently and it might be worth recalling what became of some of the drastic solutions which seemed so impressive thirty years ago. For example, few people in the U.S. nowadays hear of the "Blue Eagle", the National Recovery Administration, and the many codes which Franklin Roosevelt and his advisors set up in 1933.

In Canada, our experiments with "dynamic" government intervention of the 1930's are equally difficult to recall. "Funny Money" as a political platform died with the thirties to be replaced by the much more orthodox approach involving easy and tight money, although no one seems willing to admit that such policies exist!

Prime Minister Bennett's three 1935 acts for the control of the economy, one of the most dramatic incidents of the time, either lapsed or were declared *ultra vires* within a few years.

But perhaps the place which has seen the most complete change from the thirties is not North America at all, but Europe. Comparison of the Germany of Hitler and Schacht with the free enterprise Germany of today presents sharply the contrast between developments then, under economic nationalism, and development now in a period of vigorous enterprise and widening markets.

But if the dramatic solutions adopted in the 1930's didn't stand up—and I think it is vitally important to recognize that they did *not* stand up—what *did* provide the recovery and the stimulus for the great growth of recent years?

I would suggest the two following influences: 1.) persistent technological improvement through sustained investment of new capital; and 2.) persistent development of markets where we have enough advantage to permit production at a profit.

The working out of these two influences is very clear in some of the industries which were depressed in the 1930's. The Atlantic fishing industry, for example, was once widely heralded as having been saved by the co-operative movement. But this didn't solve the basic problem which lay in technical and marketing factors. What has finally put the industry on its feet is better mechanized methods of catching fish, a better technology of marketing through freezing and supermarkets, and the opening up of the U.S. market to the Canadian industry. Improved technology and new markets solved the problem.

A similar history can be found in the pulp and paper industry. Capital investment and technological improvements to increase productivity combined with a wider U.S. market, provided the growth impetus for that industry.

In wheat, a tremendous technological improvement has taken place since the thirties. The wheat depression of those days was due in part to high production costs, and these have largely been reduced by mechanization and large-scale production. Unfortunately, the marketing side of the wheat problem has not been solved by government marketing and commodity agreements. The wheat example is significant because it reveals the fact that unless technological improvement is accompanied by "sound" market development, recovery and growth cannot take place.

These few examples will show why I believe that the key to Canadian economic problems is a combination of market development—and by that I mean development of *economic* markets—together with persistent technological progress achieved through the investment of capital under the stimulus of free competition.

I would suggest that this recipe applies very generally in all countries, but particularly in Canada. In my company, where the use of committees is widespread, we frequently remind ourselves of that old saying, “The camel is an animal put together by a committee!”

It is worth noting that this country was put together by a committee—the Fathers of Confederation! Like the camel, we have an unusual structure, but remember that the camel is an exceedingly intelligent, useful animal which has successfully resisted displacement by modern transportation methods.

We must also remember that a camel can be ornery and refuse to work at all if he does not like the way things are going!

We Canadians, too, while highly industrious, can be temperamental at times. The wise administration of “affairs Canadian” must take this into account, and the corollary is that economic solutions for Canada must be correspondingly carefully designed.

Of course, my analogy of the camel is simply another way of saying that we Canadians should beware of the glamourous, dynamic, and spectacular in the way of economic solutions, and we should stick to the industrious and persistent application of the proven principles of market development and technological improvement. The experience of the last twenty-five years cannot be disregarded.

How can we apply these principles to some of our current problems?

In the first place, a true evaluation of the current situation must start from recognition of two facts. First, in this country we are making economic progress measured by such standards as growth in G.N.P., working force, earnings, etc. This progress, however, is not at a rate sufficient to absorb the increase in working force, which is not only desirable, but necessary if we are to expand our population.

Secondly, the Canadian economy is a much different machine from what it was even ten or fifteen years ago. As this process of change has ended, we have returned—and I use the word “return” advisedly—to a “buyers’ ” market in which the emergence of new trading blocs and new foreign competition present the Canadian producer with new market factors. All of these have combined to make us suddenly and acutely aware of basic cost handicaps which have long been obscured by a "sellers'" market. Part of our adjustment problem is that for many years we were able to sell almost anything we could produce, and we have a generation of people unaccustomed to normal competitive pressures.

High and relatively rigid costs are inherent in the Canadian economy not only because of geography and our low population density, but also because of the social and welfare standards that we have imposed upon ourselves. Our high cost structure is typical of North America, and it would be foolish to think that we could clamp down on the desire of our people for a rising standard of living.

Of course, the simplest, if theoretical, method of improving our competitive position internally and externally would be a drastic reduction in the standard of living. Parenthetically, it might be noted that the premium on the Canadian dollar, by hampering our industries, has an ultimate tendency toward correction. But some current spokesmen are intentionally or unintentionally advocating a programme of austerity. I don't feel competent to judge the extent to which democracy, as we practise it, could accept a planned reduction in living standards relative to other countries.

However, I am sure of one thing and that is that the progress we desire will not be achieved through spectacular solutions based on emotionalism or destructive criticism. I am equally sure that solutions cannot emerge by *government action alone, but only by careful assessment and joint participation of all the elements of society.* For indeed this is a responsibiliy of all of us and not of one section.

Nowhere is emotionalism more evident than in current public discussion over the subject of foreign investment in Canada, and in particular, American investment. The bogey of "American control" has become an excuse or an explanation for almost every problem.

I noticed recently to my amazement in a current book, that Imperial "sold out" to the Standard Oil Company in the 1890's. In actual fact, Imperial needed large sums of equity capital to expand with the then growing western frontier. Unable to raise the money in Canada, or in the U.K., the Canadian owners persuaded the Standard Oil Company to invest in Imperial Oil, thereby creating an interest which has contnued unchanged for some 70 years. It is not an exaggeration to state that this interest made possible the western Canadian oil development after many years of frustration and large expenditure. I suggest to you that the circumstances that led to this American investment in the 1890's are substantially the same as those which prevail today.

In regard to foreign investment, we must accept the fact that productive investment is the very foundation for the economic progress that we desire. This is a big country! It requires large-scale projects and large-scale efforts which are only possible if access is maintained to equity—that is, "risk money". That increased Canadian ownership in our productive system is desirable goes without saying. That equity capital (on which the return is only payable out of earnings) is more desirable than loan capital (which requires amortization and interest coverage), also goes without saying.

The positive approach to our problem is how to raise more Canadian equity capital for ownership of productive capacity in this country. We face the fact that Canadians are already saving at a relatively high rate compared to other countries—on the order of 23 to 24 per cent of G.N.P. We face the fact that much of this saving is going into institutional channels and thence to debt securities.

It seems obvious, therefore, that a programme to increase Canadian ownership must include the education and inducement of the Canadian investor to save by purchasing and holding common stock. We must also take steps to permit the diversion or release of institutional savings into this form of investment. This will require tax incentives, changes in regulations, etc.

However, you can't regulate or legislate the ownership of securities by the nationality of the owner without jeopardizing the whole process of investment! What, for instance, happens to security values if stocks and bonds can only be traded on presentation of a birth certificate? Can we, for instance, practically limit the places where government—all levels of government—can borrow?

I think you will agree that raising more money in Canada for productive investment is a long-term programme that cannot be accomplished by any magic formula. We must remember that this country never had the period of rapid capital accumulation free from high income taxes that built the large reservoirs of investment capital still available in the U.S. and European countries. We need a positive approach to capital formation and not a negative approach via investment control to solve this problem.

To my mind, a much more important aspect of foreign investment, and one which has not been touched on in public discussions, is the fact that a large proportion of our productive capacity, by virtue of U.S. investment, is oriented to the U.S. market. It can only compete in the U.S. or against U.S. producers.

The significance of U.S. investment in this country is not a matter of sovereignty and not a matter of control, but a matter of current and potential markets.

While generalization is dangerous, I believe we could broadly categorize American investment in this country in two ways. First of all, there is the investment in manufacturing operations destined to supply the Canadian market plus markets in the Commonwealth preference system. Secondly, and of increased importance in the postwar decade, there is the productive capacity which can only find its outlet in exports to the U.S. market.

In this category fall such industries as pulp and paper, natural gas, iron ore, crude oil—industries whose capacity could not conceivably be absorbed by the Canadian market.

Any attempt to regard such industries as purely domestic is bound to have violent repercussions. Under no foreseeable conditions could many such industries find an adequate outlet either in Canada or overseas. Their only hope of progress depends on access—and continuing access—to U.S. markets.

Whether we like it or not, our cost structure and the nature of our industry means that much of our capacity in this country can only secure adequate and economic outlet in the U.S. market. It seems to me that this is the real significance of U.S. investment; namely, that it can and must be used as assurance of access to the U.S. market.

This trade orientation is a rather old feature of the Canadian scene. Perhaps the outstanding example of a trade-oriented industry is our major manufacturing and exporting industry—the pulp and paper industry. This industry could not have developed to its present state if it had had to depend on the domestic market. Its prosperity and continued growth remain dependent on the U.S. market. It has maintained its position not only by the advantage of forest resources, but by know-how and competitive technique. Success of the pulp and paper industry depends on its ability to compete against not only lower-grade forest resources in the United States, but also offshore competition from the Baltic.

A more current and dramatic example is to be found in the enormous iron ore developments in the lower St. Lawrence, extending into northern Quebec and Labrador. Here are vast projects, including new towns such as Schefferville, railways, docks, and mining and benefaction operations involving investments running into hundreds of millions of dollars before a ton of ore is shipped. There are numerous other places which are able to supply iron ore to the large U.S. market.

The Canadian development depends on being competitive with these alternative sources. It depends also on getting a large enough volume to overcome high investment costs, a volume which is many, many times the size of the whole Canadian market.

The oil development in western Canada is another example of a trade-oriented investment. It has been clearly evident since 1949 that the huge western Canadian basin showed a large oil potential, that ultimate development of the resources in this basin depended on access to markets much larger than the domestic economy could provide—markets that could only be obtained in the United States. A basic problem was to surmount the handicap of long overland transportation costs, provide oil at a competitive price in those markets, and still leave an attractive price at the wellhead as an incentive to exploration for replacement. That such incentive diminishes as development moves northward in the basin raising costs in transportation and exploration, is elementary in the oil industry as it is in other mineral-prospecting industries.

Thus, for a period of eleven years throughout the development of the major transportation systems ranging from the west coast to Toronto, the basic problem—and I repeat—the basic problem in the oil development in western Canada has been to preserve large enough markets at a price which will provide the necessary continuing incentive to full exploration of this basin.

The experience of our industry over the past two years has convinced me that any charting of our national economic future or economic progress must overcome two particular hurdles.

The first is the serious problem of semantics involved in explaining the details of highly technical problems. In public discussion, such technical problems tend to result in misunderstanding and oversimplification. In the case of our industry, it is very difficult to explain the unbalanced system of crude oil production in western Canada, where output is severely shut-in in one province but not shut-in in others. This can only be understood if the listener has a thorough grounding not only in the technical but also the legal and regulatory aspects of the western Canada crude oil and gas producing industry.

The second point which the discussion in our industry demonstrates is the importance of differences in the time-span contemplated by various groups. Some look for results in a matter of months, although many projects in our industry require five to ten years between conception and completion.

Where industry frequently must plan investments good for decades, governments have four- to five-year terms. The outlook and needs of industry can therefore be considerably different from the outlook and capacity of governments. This, to my mind, can only be remedied by public acceptance of the fact that government and industry can seldom achieve in a few years' time solutions to long-term problems or effect fundamental shifts in economic direction. Efforts by government to achieve what was impossible in the time available lay behind many of the worst mistakes of thirty years ago.

How can one best solve these two problems that I have mentioned—the difficulties resulting from the technicalities of industry, and the problems caused by the conflict between economic considerations which are usually of a long-term, and political considerations which frequently are of a short-term nature?

I think the answer basically lies in communication, and for our particular group of industries, it is in this role that I think the recently formed National Energy Board can render its greatest service. Because it is equipped to deal with technical problems, it is in a position to improve the communication between government and industry and in so doing, help to reconcile long-term needs and short-term pressures.

This improvement in communications is, I think, essential in the present situation, and a good deal of the responsibility for the improvement must rest on the businessmen themselves. I think, for example, of the distinction we so frequently draw between primary and secondary industry (as though the former were a primitive activity of an essentially undesirable nature, and the latter, on the other hand, represented the ultimate in desirability). It is clear that industry must rid its efforts at communication from sweeping and inaccurate generalizations of this sort.

Our facts and figures, too, require careful preparation and presentation. We must constantly keep in mind that the government is being bombarded by proponents of the Galbraith school of economics, which tells them to spend and tax more, and by the Northcote Parkinson school, which tells them they are already teetering on the brink as a result of over-spending. The improved communication between government and business, under such circumstances, must overcome a certain amount of "jamming" from extraneous sources.

Naturally, no one individual can come up with the answers to all our problems but in order to fulfill in some measure the title of this address, let me suggest two broad lines of action.

First, and to my mind the most essential, is to establish a better basis for consultation between business and government regarding economic problems. There is co-operation now, and agencies for furthering the interchange of ideas already exist. But I think we need not more, but better machinery for equipping both business and government with a full knowledge of the facts concerning specific problems. The Royal Commission is a useful device for collecting and sifting the evidence in a specific field. But for industrial problems of a persistent or a recurring nature, we need quicker methods of obtaining the facts and translating them into action. It is unthinkable in this day that political action can be taken without regard for its economic effects. And I repeat that the only means of reconciling short-range political policies with long-range economic needs is through the medium of close co-operation.

Only on the basis of co-operation between the economic and political elements of society, is it possible to examine all means of providing incentives for growth as distinguished from protecting or subsidizing marginal operations which have no growth potential.

Secondly, we must examine those markets where we have an advantage and orient ourselves accordingly. Governments do not make markets, but they can help open the door and keep the door open. This has a particular relevance to Canada's current situation in which a number of dominant industries must find a major portion of their outlets in a North American continental market.

There have been pressures to bring Canadian rates of pay up to U.S. levels, an objective which no one would deny as being admirable. But I think we should recognize that this is not possible unless and until we can develop the large-scale economies which result from adjacent markets. In addition to developing broad new markets throughout the world and retaining our Commonwealth markets, a substantial proportion of our eggs are and must continue to be in the U.S. basket. As Mark Twain said, when this happens, you should watch the basket.

In short, my formula for growth in the sixties is to reaffirm the principles that led to our growth over the past twenty-five years. A better basis for business-government co-operation, together with planned tax and other incentives, will produce that persistent technological improvement which is an essential element of all economic growth. And the persistent pressure of business and government toward widening markets, particularly nearby markets which offer a good return, will provide the other element which is as essential to growth today as it has been throughout our past.

THANKS OF THE MEETING were expressed by Mr. C. C. Goldring.

"THE COMMONWEALTH AT THE U. N."

An Address by

LADY TWEEDSMUIR, M.P.

Thursday, November 17th, 1960

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: It is fitting that our first Ladies' Day of the season should be addressed by Lady Tweedsmuir, one of the most distinguished British politicians who has many Canadian roots. Her husband, Lord Tweedsmuir, is the son of a very famous and beloved Governor-General of Canada, so well-known to us as John Buchan.

Lady Tweedsmuir comes to us from New York, where she is a member of the United Kingdom Mission to the United Nations, especially to address the Empire Club. For fifteen years she has been Conservative Member of Parliament for South Aberdeen, and her career has been a brilliant one.

Her maiden speech was made in a debate on economic planning, when she spoke of the difficulties which beset women in industry, faced with double duties at home and in business. She has returned to this subject more than once, for she feels strongly that woman's first duty is to the family. She knows the problem at first hand, for she is the mother of two daughters by her first marriage, and she and Lord Tweedsmuir have a daughter born in 1949. She herself has combined three careers successfully. She runs her home and is a Member of Parliament; and in March, 1951, she joined the board of a public relations firm. For three years previous to that, she had been one of the Governors of the British Film Institute. In addition, she writes frequently in the press and in periodicals.

She is well-known as a lecturer in Britain, in Europe, and in the United States. She is widely travelled, having visited many parts of the Commonwealth, Indonesia, Egypt, and many European countries. In 1955 she was a member of the Parliamentary delegation which visited the West Indies.

Lady Tweedsmuir has long been interested in international affairs. She attended the Hague Congress in 1948. She has made a special study of German problems and of Anglo-American relations. She is presently fulfilling important responsibilities on behalf of the United Kingdom by her attendance at the United Nations.

In the 1953-54 session of Parliament, she piloted through the House of Commons a Private Member's Bill which reached the Statute Book as the Protection of Birds Act, 1954. The Act clarifies former legislation, repealing and consolidating twenty-six former measures, some of which date back 200 years. Lord Tweedsmuir, himself an ornithologist, sponsored the Bill in the House of Lords: this is only the second time in Parliamentary history that a husband and wife have been responsible for the passage of an Act in both Houses of Parliament.

In November, 1957, Lady Tweedsmuir was chosen to move the Address in Reply to the Queen's Speech on the opening of Parliament. This was the second time that a woman had been given this honour. Her recreations include swimming, stalking, and photography. Thus, her career is varied, fascinating, and brilliant. It is a great honour to now present to you Lady Tweedsmuir, who will address us on the subject, "The Commonwealth at the U.N.".

LADY TWEEDSMUIR: I do want to thank you very much for a warm welcome because it makes me feel a bit better. I think you will understand it is not very easy to be billed on the ticket for this meeting as the daughter-in-law of a well-beloved Governor-General. It is also, I think you will agree, not very easy to come back to this Club after having spoken here, I think, nine years ago. Then I spoke together with my husband, but now I have to do it alone. He is not coming to Toronto for about ten days, but he asked me to say that if any of his friends were here, he sends you all good wishes and hopes he will be able to meet you.

Now, I chose the topic of United Nations and the Commonwealth because, as your President has rightly said, I have been doing nothing else but thinking about the United Nations for three solid months. And, of course, this is quite the most crucial session that the United Nations has ever held.

I felt that you might perhaps be interested if I tried to give you some impressions of an Assembly which was described by our Prime Minister as "this extraordinary and dramatic assembly". Of course that is exactly what it has been this year.

To begin with, I think the fate of the United Nations in many people's minds does hang in the balance this year. It has never been so much attacked.

Secondly, never before have we had such vast issues at stake. Also, for the first time in its history, it has over fifty heads of government and state visiting together at the same time.

And then, of course, as you know, at this session we had the largest number of members we have ever had. Ninety-nine countries—including those we welcomed this year—the fifteen new African states and Cyprus. You will, of course, recall that each nation has one vote, regardless of population.

I thought it might be interesting if I just read out to you what the voting strength is at this particular moment in the United Nations—from a geographical point of view. That is not to say that states always vote together because of their geographical area or because of their ethnic racial groups, but you will appreciate that there is very strong persuasion on them to do so.

Now, we have twenty-one African States. We have fifteen Asian states, nine Arab, nine Soviet bloc (who, of course, always vote together solidly), seventeen European, twenty Latin-American, the old Commonwealth five, the United States one, and two countries that have been unable to fit in geographically, except in the Middle East—Israel and Cyprus.

I find—I don't know whether you agree—that the attitude of many countries toward the United Nations often varies as to whether they find that the United Nations helps or retards some national desire.

The Untied Nations is often accused of being biassed, impotent, or lagging, but the reasons for failure to act swiftly or to achieve some advance toward peace are not due to the power of, or to the very controversial structure of the United Nations. It is due to the simple fact that the United Nations reflects the world political struggle for power, and the mere act of gathering together in one large assembly hall is quite useless unless there is a majority desire to try to reduce differences.

That is why people often say, "Well, why have the United Nations? Will it ever work?"

Of course that is the big question which is with us every day down in New York.

Personally, I am an optimist. This is my first Assembly, and when I first saw it, I must confess, I wondered how any assembly could possibly come about at all—so very wide and deep appeared the interests of all those present.

But on the other hand, one could say that in a way it is an achievement even to agree to meet and discuss these differences, however acute. Let us not under-estimate the value of the United Nations as a safety valve.

There is, I think, no other form that we can at present conceive in which the leaders of ninety-nine countries could meet together at the same time. What we must do is try to invest this world body with greater authority.

I have myself always had a life-long belief in the value of personal contact. If this is true in personal relations, it must also be true in international affairs. These ninety-nine countries come together in order that the leaders of these nations should have a chance to learn a little about how each others' minds work and why. One should know what makes various countries tick, what are the suspicions and fears and doubts and what are their ambitions. I think that, quite apart from the debates in the assembly halls, the personal contacts that go on throughout the period of three months are of value.

Speaking of that sort of thing, your Canadian delegation gave the most marvellous Hallowe'en party, and they asked people not according to protocol, but because they thought the people who came would be fun. The result was that we had the most marvellous evening and indeed, night; and at two or three in the morning, you could have seen the representatives, including those of the Soviet bloc, dancing all kinds of square dances, according to their own arrangements. It was, I think, a very valuable experience. At any rate, you knew the person you met that evening couldn't quite have all the imperfections which his enemies said he had.

The United Nations has, of course, grave difficulties, but don't let us forget the very solid achievements which it has to offer—those which do not reach the headlines. There is UNESCO, the WHO, the Technical Assistance Programmes, the Refugees, and much else, and all have meant some improvement in social and economic conditions. And maybe one day, prompted by the greatest problems of our time, we shall be driven to agreement by a common wish to survive.

Mr. Chairman, in my opinion the visit of the heads of government gave great stature and authority to the United Nations, but I must confess that that was not the general view of the permanent diplomatic commission who, I think, heaved a sigh of relief when the great departed.

To me, of course, it was an absolutely fascinating experience and extremely instructive. I was there throughout the debate when Mr. Khrushchev took part, using both old methods and new. I was there when Mr. Diefenbaker gave a really fine speech and a great lead. I believe some of you heard our Prime Minister, and I think he, too, if I may say so, showed leadership that day.

Now, Mr. Khrushchev's assault on the Secretary General and the structure of the United Nations was, without doubt, damaging. For the United Nations is only as strong as the will and effort of its members. The Soviet leader's idea is to create a three-man Secretariat to represent various existing blocs of nations—a system which would not only perpetuate present political divisions, but also destroy the concept of the United Nations Civil Service as being dedicated not to national, but to international interests.

The attack on the Secretary General, of course, put Mr. Hammarskjold in a very delicate position, indeed. I am not going to deal with the most controversial question before him now—that of the Congo—because if I were to do so in detail we should be here all night. The one thing I admire about this particular Club, from past memory, is the way you eat your lunch, hear a speaker, and depart in three-quarters of an hour. I promise you I am not going to be too long.

One must, however, say just one thing in trying to sum up the question of the Congo. I think perhaps it is enough to state the problems there confronting the United Nations are really the crucible of all United Nations' problems anywhere. First, there is the inadequacy of the United Nations force and the enormous cost which the Soviet refuses to pay.

Secondly, there is the problem of continuing the cold war—in this case out of Africa.

Thirdly, there are the daily decisions as to how the United Nations can be impartial and yet maintain law and order while not interfering in the domestic affairs of a sovereign nation.

These are the hourly dilemmas that confront the United Nations.

Now, at a time when some people seem to be trying to paralyze the United Nations or use it for their own ends or use it to inflame rather than to reduce international tensions, the existence of a group like the Commonwealth which does not identify itself with any particular bloc, should strengthen the United Nations. If it can judge problems on their merits, if it can respect the rule of law and keep high standards of international consultation, it must be of value.

When I last spoke here in 1951, there were eight members of the Commonwealth. As you know, there are now eleven, sovereign and independent, and the Commonwealth is still growing. We hope that before long it will be joined by Sierra Leone, the West Indies, and territories in East Africa.

It is not impractical to recall to our minds that the Commonwealth today represents over a quarter of the world's population; and certainly it is unique in that it is the only association which, having members in every continent except South America, cuts across all racial, ethnic, linguistic, and religious boundaries. The existence of the Commonwealth in the United Nations has so far been recognized by the provision on the Security Council and ESCO, the Economic and Social Council of the Commonwealth, and also by representatives allotted to the general committee.

Now, people often ask, in a world where the Communist bloc votes solidly and is so highly organized, should the Commonwealth not try to mould itself together into a more compact body, able to take decisions more swiftly?

Well, you cannot do that with eleven sovereign and independent states. I will also say there is nothing greater than a decision come to voluntarily by eleven nations that are independent and flung across the world. That decision, backed by the will of those people, will be something far more practicable than the will of nine nations, however great the Soviet bloc and however rigid their discipline.

Of course, a great deal is done in the United Nations, as you can imagine, to try to have regular meetings in which things are very frankly discussed, on the pattern of the Commonwealth Prime Ministers' meetings. The object of them is that if they cannot always agree to take a line together in the United Nations, at any rate the problem should be threshed out beforehand in a small group. In that way, the attitudes are perfectly well understood, and misunderstandings do not arise. It is from the little misunderstandings that the great arguments follow.

As you know, the United Nations is at present overshadowed by the debate over nationalism and colonialism. These are certainly emotional matters which often drive out all rational thought. I do not think that the Commonwealth is the outstanding example in the contemporary world of the possibility of solving colonial problems without fuss; and it is a proof that after achieving independence, the former colonial territories can still find it helpful to go on maintaining their relationship with the former administrating country and get all kinds of aid, such as in the Colombo Plan.

On the other hand, the complete independence of Commonwealth members of the United Nations is proved by their debates which are on record at the United Nations. I should have thought it was the best possible refutation of the charges against colonialism which still persist after the achievement of total independence.

Now, as you know, there is a big debate pending at the United Nations on a Soviet item which asks for the granting of immediate independence to all colonial peoples. The Afro-Asians are clearly anxious that they, rather than the Soviets, should take the lead in the United Nations in urging independence of the remaining colonial territories, and it is a perfectly understandable and legitimate objective with which the United Kingdom is obviously in agreement.

The Russians will, no doubt, try to use it for cold war propaganda and will, in return, get the counter-charge of their brand of colonialism. But the Asian and African members of the Commonwealth are in the forefront of those United Nations members who want a responsible and constructive approach to the question, and they are at this moment in the process of drafting a resolution of their own.

On this, I would just like to say that since the Second World War, a quarter of the world's population which was formerly administered by Great Britain, has become independent. We have always tried to carry out one main objective, and that is that the granting of self-government shall, in fact, mean the granting of responsible government; that the economy of the countries concerned shall be stable; that there shall be provision for the respect of minorities; and that there has been some experience in government and in running the civil service.

Now, if the Commonwealth group in the United Nations is less cohesive than many of us would hope, this, like many other forces of the United Nations, merely reflects the facts of life in the world at large. There is no magic that makes the Commonwealth work as the effective force it is. If it is to do so, it requires a consistent effort and, indeed, occasionally sacrifice, by every one of the members. With the changing composition of the Commonwealth, it is more than ever important that it lead in close consultation and that the working out of the greatest possible degree of agreement in policies should not largely and only be taken by the United Kingdom. There is here great responsibility and immense opportunity for the other older members of the Commonwealth and the junior ones as they come along, and in this, of course, Canada has naturally a very large part to play. We have all of us a real job to do, every single one of us in this room, whether in private or in public life. The actions of government can only come about when they are upheld and supported in a free democracy by the understanding will and effort of each citizen.

I think we have a great deal to do in spreading a thorough knowledge of the facts of the modern Commonwealth and the part it can play in this world organization to which we have set our hands. There is, of course, no more suitable organization to do that than the Empire Club of Canada.

But somehow we have got to make the United Nations work. I believe that the new member states need this organization very much and I think they will use the power of their vote to do what they can to make it work. But, of course, it can all too easily go the other way. It can be controlled and used by the unscrupulous for their own ends, and all of us must guard that the United Nations does not have two standards—one for the law-abiding and one for those who treat it with indifference.

If we are discouraged or anxious about it—which is not unnatural after only fifteen years of its life—and if we cannot reach agreement on very much of this session, at least we will have done something if at the end of the Fifteenth General Assembly we can say in the words of our Prime Minister that "we did try our best to make a sustained effort to agree."

It is true that the 1960 assembly has not achieved very much so far, but maybe that Assembly has prevented far worse from happening. A large part has been a stalemate due in great measure to the American elections and to the fact that Mr. Khrushchev refused to take any constructive part whatsoever in disarmament, saying he would not negotiate with any one except the new President when he takes office in January.

Whatever may happen with the new administration in your great neighbour south of the border, there is one thing which I think must be quite clear to us all. This is that the new President-elect is of a younger, newer generation. He will look at every one of us with fresh eyes and not least, the Commonwealth, and whatever we may have achieved together in the past, there can be no resting on the record. We must make fresh marks on history and, indeed, nothing ever—particularly in the world of politics—can be taken for granted, and even alliances, like friendships, must always be kept in good repair.

We have such a lot to do, each one of us, in the battle of minds because it does belong to each of us to participate. Above all, we must somehow meet the longing among ordinary folk for peace, for a nominal peace, and perhaps allow also for time to be given—time to think out the very deepest problems of human beings: what is the reason for their short sojourn here on earth at all?

That being so, I think that any instrument that we have at hand like the United Nations, must give us some chance to edge toward agreement, and perhaps over the months and over the years to get some better mutual understanding even though we have so little time. Remember that even with the fearful possibility of the misuse of nuclear power, the story of the world is a long one. If we can look at our generation in relation to the historical continuity of our countries, I think we have some hope for the future.

Therefore, I would only say that I am still an optimist. I am also hopeful that something lasting and of value will come out of all this because I do not forget that in the House of Commons, where views, as you know, are passionately held, it is nevertheless possible to reach a collective judgment. Therefore, maybe in the end, out of all this turmoil, we shall reach a common cause and work for that. This seems to me a job well worth doing.

THANKS OF THE MEETING were expressed by Mr. Z. S. Phimister.

“SOME IMPORTANT ASPECTS of CANADA’S INTERNATIONAL TRADE”

An Address by

R. D. L. KINSMAN
President, Canadian Exporters’ Association

Thursday, November 24th, 1960

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: We welcome today to this luncheon, representatives of the Canadian Exporters’ Association. This Association has just announced that its new President for 1960-61 will again be our guest of today, Mr. R. D. L. Kinsman. This is the first time that it has re-elected a President for a second term.

In choosing Mr. Kinsman, the Exporters’ Association has selected an executive who is thoroughly versed and experienced in the international sales field. Mr. Kinsman’s parent company is responsible for 75 per cent of all the aluminum moving in international trade channels. Specifically, the company of which he is Vice-President, Alcan International Limited, is responsible for the sales management of Aluminium Limited, and he is also a Vice-President and Director of Alcan Asia, Limited. The latter company sells Canadian aluminum and related products in the Far East.

It was just over eleven years ago that Mr. Kinsman joined the Treasury Department of the Aluminum Company of Canada and held a series of posts, including Manager of the Procurement and Priorities Division of Alcan’s General

Purchasing Department, which provided him a variety of experience. For six years, he was Treasurer of Aluminium Limited's chief sales company and relinquished these duties to concentrate on international sales of the Company's products.

Mr. Kinsman originally came from Wales. He received his early schooling at Christ's Hospital and was later an undergraduate at the University of Paris, studying political science. In recent years he renewed his studies and was awarded an M.A. Degree in French-Canadian history by McGill University's Post-Graduate Department. His early business experience included being articled to a firm of Chartered and Incorporated Accountants, and he was admitted as an Associate Member of the Society of Accountants and Auditors. From 1933-42, he held various positions with I.B.M. on the Continent and in North America. During the War, he held successive posts as Assistant to Machine Tools Controller, Deputy Administrator of Machine Tools for Canada, and General Auditor of War Assets Corporation, leaving to join Alcan.

His principal other activity, besides being a Director and Honorary Treasurer of C.E.A., has been that of satisfying his intense interest in the legitimate theatre, both on-stage and in the executive end. He is a member of the Board of Directors of the Montreal Repertory Theatre, and for his work over the footlights, he received the Best Actor Award of Eastern Canada in the Montreal Festival in 1953 for his role in M.R.T's. production of Moliere's play *Tartuffe*. He is married and has three children—two boys and one girl.

Mr. Kinsman will speak to us on "Some Important Aspects of Canada's International Trade".

MR. KINSMAN: I very much appreciate the opportunity which you have generously given me today to speak to the Empire Club in Toronto, on some important aspects of Canada's international trade.

It struck me, on receiving the invitation, that there was a significant sense of historical continuity in trade about this great Province of Ontario. This territory began to have a settled life of its own immediately after the Revolutionary

War, when the first United Empire loyalists came upstream from the mouth of the Richelieu River and spilled over the western limits of the old seigneury of Longueuil into what are now the counties of Glengarry, Stormont, and Dundas. Others, moved by the same impulse, were doing the same thing in Niagara.

The impulse was not that, only, of continuing loyalty to the Crown; this could have been satisfied by residence in Quebec. There was another lure. It was that land could be held, not under the seigneurial system of the old French régime, but under the Anglo-Saxon right of free and common soccage, where men were freeholders all.

If the war of 1812 first gave to these scattered holdings a sense of common identity and mutual obligation, it also drove home the fact this was the first British Colony ever founded that had no sea coast, no direct outlet to the oceans of the world.

It is the sea which, despite its perils, has been for hundreds of years, the road to adventure and the path to freedom. Not only was it that; it was, also, the highway of commerce. It still is!

It was for this reason that the gigantic enterprise was undertaken—over a century and a quarter ago—to give this country communication with the sea by means of the St. Lawrence Canals—an enterprise so vast, for the time and for the resources of the people, that, at one point, without regard for any other public services, the entire annual revenue of the Colony was insufficient to pay even the interest on the debt contracted to build the canals.

It was out of this situation that was born the Union Act of 1840, which joined the two Provinces of Upper and Lower Canada, the grandfathers of ultimate confederation, from sea even unto sea.

It seemed contrary to all the instincts of those early settlers that free-born men of British stock could exist anywhere without free access to salt water. Their instinct was a true one.

Today, the Seaway is performing the same function. It is opening up the heartland of North America to the rest of the world, but it is also making the rest of the world more easily available to Ontario.

What advantage will we take of it? Let me come back to that in a moment.

First of all, let me say something about our export trade, as such. If some of you here get an uneasy feeling that you have heard me say much the same before, let me assure you that you are probably right. I make no apology. Professor Galbraith has written "In unravelling the complex, one should be careful not to overlook the obvious."

We have trading problems. Some of them are serious, but few of them are as black as they are painted and few of them are incapable of some sort of solution if we will work together and plan together in the national interest instead of grinding our own particular axe, preferably on our neighbour's whetstone.

For the last quarter-century, Canadian policy has generally aimed at promoting exports through reducing barriers to trade—to trade both ways. There can be no one-way street in international trading, and the lowering of foreign barriers to the entry of Canadian exports must inevitably include the lowering of Canadian tariffs against foreign imports into Canada. In combined imports and exports, we now rank fourth in the world—just behind Germany—while in total foreign trade, per capita of population, we rank proudly first. This is what foreign trade—both imports and exports—means to Canadians.

But now the complaint might arise that I am talking about "total" foreign trade and not imports and exports separately. Some imply that while our export trade is limping along, the country is being flooded with cheap imports from low-wage countries which take the bread out of the mouths of honest Canadian working men.

Growing unemployment is causing the gravest concern to all thinking Canadians. It it continues to grow worse, it may tend to become an important factor in the political life of the country. As you know, the Prime Minister has recently held a conference in Ottawa on the subject, with the representations of various National Associations. Several remedies will be tried; there is to be a Productivity Council.

I know that all of us in Canadian business—or simply as Canadian citizens—are deeply worried, but we can bring no real help to the idle Canadian worker by engaging in double-talk, self-deluded or not.

Where does Canada's foreign trade play its role in this picture? In standard dollars (the value of 1948), our total imports of goods and commodities were at the index of 110.3 in 1950 and at the index of 114.5 in 1959—an increase of under 4 per cent. Our exports, in 1950, were at the index of 108.3 and, in 1959, at the index of exactly 123—an increase of over 13 per cent.

Turning now to actual dollar figures at current values, the picture is not quite as rosy. Our export prices have not quite kept par with the prices we pay for our imports. While in 1950 our foreign trade was in approximate balance—in fact, $10,000,000 to the good—we have had trading deficits (in current dollars) in seven of the succeeding nine years.

This looks bad—and it is certainly not good. But how does the merchandising deficit arise? In those ten years we had a trading surplus, excluding the United States, of over $4,000,000,000. With the United States, we had a trading deficit of nearly $6,000,000,000. In other words, in the last ten years we not only handed over to the United States all that we had earned overseas but gave them nearly $2,000,000,000 to boot.

We could, perhaps, some years ago, flatter ourselves that our imports from across the border represented, in large measure, the purchase of capital goods destined to the industrial development of Canada. This is still partially true, of course, but people of prudence are not now normally anxious to expand idle plant capacity.

Let us look at consumer goods for a moment. In 1959 we imported consumer goods from all of the rest of the world, excluding the United States, for $685,000,000. From the United States alone, we imported consumer goods for $1,115,000,000. This is nearlly double our imports of consumer goods from all of the rest of the world combined. I hear no claims as to low-wage rates in the United States.

And what about the so-called cheap labour countries? As I stated just now, we have had a trading surplus with these countries of over $4,000,000,000 in the past ten years. In 1959 it was a surplus of $132,000,000—and that includes West Germany, the United Kingdom and Japan (our balance with Japan was $37,000,000 in our favour) —while we were in deficit to the United States for over $500,000,000.

To point up fallacies in thinking does not solve a problem but, at least, it clears the site for building operations to begin on a surer foundation.

It was reported, during the recent election campaign in the United States, that the two principal candidates appeared nonplussed when asked about their attitude to Canada. They appeared to consider that there was no need for an attitude because there was no problem. Perhaps they were right. Perhaps there is nothing that divides us, as Bernard Shaw said about the British and the Americans, but the language.

Nevertheelss, it seems to me that U.S. sales to Canada of $32,000,000,000 in ten years should demand a little concern. Customers are not so easy to come by in these days. It will be up to all of us, and particularly up to the Government of Canada, to see that the new Administration in Washington is educated as swiftly and completely as possible, to the realities of our present trading situation with the United States. The means for this already exist; I trust that they will be fully used.

If we could educate the new Administration efficiently and well, we might do more for employment in Canada by the negotiation of lower and simpler tariffs for Canadian products entering the United States than by talking about an increase in the Canadian tariff against low-wage countries —where we have had an average annual trading surplus, over the past ten years, of over $400,000,000, and invite their immediate retaliation.

Not only have we had steady trading surplusses with the the rest of the world, but our *total* trading position is moving into balance. This does not mean that our deficit with the United States is significantly less, but that our favourable balance with the rest of the world is significantly larger.

During the first nine months of this year, our exports increased by 8.2 per cent over 1959, while our imports were up by about only 1 per cent. Our trading partners overseas accounted for all of the increase in export sales. The United Kingdom and other Commonwealth countries were up by 20 per cent, Western Europe by 30 per cent, and Japan by 28 per cent. Shipments to the United States were slightly lower.

Our total trading deficit for the nine months was only $121,000,000. This, at what the statisticians call "seasonally adjusted annual rates"—to allow for the rush of last-minute shipments of wheat and other commodities before the close of navigation— represents a balanced position for the year, 1960, as a whole.

Exports up 8.2 per cent! We exporters are plugging away.

There is another problem facing us, in the creation of the two trading blocs in Europe. Although honeyed words are being sung by their proponents, their existence could have considerable results on Canada's foreign trade. As they now stand, they represent fresh barriers to our exports, particularly as regards the European Common Market. If the current GATT negotiations do not succeed in erasing the worst effects of the threatened trade discrimination by Western Europe, there might be disastrous consequences for the Free World.

Discrimination in trade provokes strong emotional reactions. Permanent discrimination by Western Europe is almost certain to evoke retaliation elsewhere. It could well encourage the formation of other regional blocs and the raising of tariffs everywhere in retaliation.

Trade, instead of being encouraged, would be discouraged or diverted. At a time when the countries behind the Iron Curtain are pressing a long-range economic offensive against them, the countries of the West will be squandering their economic and political resources in mutual recrimination and "parish pump" politics on the international level.

The particular danger of the European Common Market arrangements is that internal prices will tend to become fixed for internal reasons without regard to world prices.

This is particularly true for agricultural products. Detailed plans published to date allow for the unilateral fixing of minimum prices for products produced within the Community with no regard to world supply. To make these artificial prices effective, the planners contemplate the use of import levies and quantitative restrictions. As local production will be thus artificially encouraged, the old supplier—the one who could produce more efficiently and sell more cheaply—will be displaced. Canadian wheat, which has underwritten the national economy for over a century, is a prime example. This is the ultimate in the forced diversion of trade.

It is all the more disheartening to see this dismal process in development because much of the agricultural products concerned are of tropical or semi-tropical produce.

Bananas, which would effect mainly the Caribbean area and Central America, are an example. Coffee is another. On tea, the contemplated duty is, I believe, 35 per cent. No significant commercial quantity of tea is grown in any territory to be included in the Common Market.

In cocoa, Ghana would go, and some French West African colony would be its replacement. The Iron Curtain countries would be delighted to take Ghanian cocoa at distress prices in return for the monopoly of the industrial development of the country and the preponderant influence in its political philosophy and international actions. Ghanian cocoa should certainly blend well with Cuban sugar.

At the very moment when the underdeveloped countries of the world need our united and intelligently planned help more than ever before, the African applecart is not only being upset, but overturned.

If we are not to lose a continent—perhaps two of them —we have to give urgent attention to what Sir Oliver Franks has called "The North-South Problem". The problem is that a small minority of white people living in the temperate regions of the North Atlantic, is living in comparative wealth, while an enormous majority to the south of them is desperately poor. And this gap in living standards is getting larger—the rich, despite cyclical trade recessions, are getting richer; the poor remain poor.

In the past decade, the world balance of power literally hung by the thread of the economic recovery of Western Europe. This recovery—sparked, inspired, encouraged, and, in fact, made possible by the genius of the Marshall Plan—has been, like the Emperor Frederick, *stupor mundi*, "the Wonder of the World". The fate of the future may well lie in an ever-increasing prosperity of the Southern peoples.

The former colonial powers of Continental Europe have not shown a large measure of wisdom in their post-war policies—and those powers do not stand alone in this respect. Revolt is widespread in some of the independent, but impoverished countries of the Caribbean and of Central and South America.

These people are really in revolt against their economic, political, and social inferiority to the Northern peoples. If the peoples of the North Atlantic countries—as a whole—fail to meet this challenge, it is inevitable that the Southern peoples will turn elsewhere. The world balance of power will decisively shift and the masses of the monolithic states will catch a glimpse of the countries of the West, only in the glint of their setting sun.

As Mr. Adlai Stevenson said at McGill Convocation last year, "Nothing would be more appropriate than that the European beneficiaries of U.S. and Canadian aid ten years ago should now join with the U.S. and Canada in making a comparable effort to help the South."

A rapid increase in the standards of living of the Southern peoples, in turn, requires a substantial increase in their export earnings and imports of capital. It is important to to note at this point that export earnings are more important than imports of capital. During the past few years the foreign exchange earnings of the Southern countries comprised 85 per cent export earnings and 15 per cent imports of capital.

A substantial increase in export earnings for the poor South will require the North Atlantic countries to do two things:

First: Provide a steady and rapidly growing demand for the exports of the Southern countries. This, in turn, requires the North Atlantic countries to maintain a rapid pace of healthy economic growth.

Second: Improve the availability of access to the markets of the North Atlantic countries for the exports from the South. This improved access must cover raw materials, semi-processed materials, and manufactured products.

These two points may seem upsetting to some but if we lose the South, we lose the world. There will not be any trade balance at all, favourable or otherwise. We will simply take in each other's washing—if there is any soap.

People, perhaps, do not realize what a rich opportunity lies southward. Between 1950 and 1958, the Southern countries increased the volume of their exports by 32 per cent. These increased export earnings, coupled with loans and grants, enabled them to increase the volume of their imports over the same period, by 45 per cent. In 1957, over 40 per cent of these imports came from the developed North and totalled more than $21,000,000,000. Let me repeat that figure, in case you feel that you did not hear it aright—$21,000,000,000. 80 per cent of this, in turn, was for manufactured goods.

The United Nations estimates that the merchandise imports of the Southern countries from the North over the next ten years, could total $440,000,000,000. How about it, manufacturers of Ontario?

It is at this point, when we need vitally to increase our exports and to encourage the exports of the South, when Canadians need to take the largest possible world view, that the purblind or parochial cry of "Buy Canadian" is being raised afresh.

Of course, when one is asked if one is against buying Canadian, it is difficult to answer. It is like the question, "Have you stopped beating your wife?" Not being in favour of buying Canadian is like the clergyman not being against sin—on the surface.

What makes the slogan—if it is one—so dangerous is that it implies that the British should buy British and the Japanese, Japanese. Or do the proponents naïvely assume that we can blandly slash our imports without immediate retaliation to cut our exports?

What makes it an unhappy slogan is that it seems to betray a wrong state of mind—not the state of mind that built either this Province or this country. It is negative thinking which betrays an attitude of defeat instead of positive thinking with the will to win. It seeks to lay the blame on the wrong person—the consumer.

Here is someone saying, in effect, "I make a product. Do not buy it because it is good or better than competing foreign products, or cheaper, or is better made, or looks more handsome, or does the work more easily. Buy it, simply because I am the guy who made it." The implication is that if you don't, you are un-Canadian and a "Bad Thing".

"The fault, dear Brutus, lies not in our stars, but in ourselves, that we are underlings." We all have to re-examine our attitude, all of us, labour as well as management. Management seems to imply that if it cannot produce a suitable article, at a suitable price, based on an efficient cost, it must remain in that business, even if the competitive product has to be bludgeoned out of the market. If the Canadian exporter finds foreign markets barred to him in retaliation, that is simply his problem.

Labour's wage demands are not always unjustified, of course. But here again, the effect on the price of the product does not seem to enter into account. That is somebody else's worry. That friend, the customer (whom it now seems old-fashioned to consider), let him foot the bill.

I referred earlier to grinding our own particular axes. Can we not start to grind the national axe? At the Annual Convention of the Canadian Exporters' Association in October, I urged some national planning in the national interest. I urge it even more strongly today.

A general start seems to have been made, but we shall need to go further, faster. Regarding exports themselves, the forthcoming Foreign Trade Conference, called by the new Minister of Trade and Commerce, Mr. Hees, is an imaginative step forward into the future.

Established exporters, who have their own export channels well established, may feel that they do not need to go to Ottawa on December 5th to meet Canada's Trade Commissioners from all over the world. If they take this attitude, I think they will be wrong. If the business community of this country does not take full advantage of this conference, it will be hard to pin the blame elsewhere for lack of export opportunity.

If I may mention aluminum for a moment, the Aluminum Company of Canada, Limited, is certainly an established exporter. Through Alcan International Limited, and its associated companies, the group most certainly has a widespread net of export outlets. We shall take full advantage of this conference, not only to learn something from the

Trade Commissioners, but also to keep them up to date about ourselves.

We have found that, just about once in a hundred times, through a contact established or information supplied by a Trade Commissioner, we make a sale that we would not otherwise have made. Although we may have made the other ninety-nine sales ourselves, an incremental sale of 1 per cent is a highly valuable and profitable bonus to the industry.

But seeing Trade Commissioners is not enough—and I address this remark particularly to exporters here today. No one can sell sitting behind his desk, at home. In the end, as you know, you have to go into the market and do the ultimate selling job yourself. That is what we really need more than anything else—a good old-fashioned selling job.

Slogans or catchwords, as I said just now, are not as important, perhaps, in what they say as the attitude or state of mind which they reveal. I seem to remember one famous one—"Fifty-four-forty or fight". The gentlemen concerned failed to reach fifty-four-forty—and there was no fighting. But it was a meaningful slogan nevertheless.

In the same way, I offer you, today, a better slogan than "Buy Canadian". It has more fight in it. It has more guts in it. It has more truth in it. It reveals, I think, a better state of mind. It is, perhaps, more Canadian. I offer you, instead, the positive challenge of "SELL CANADIAN".

THANKS OF THE MEETING were expressed by Mr. Palmer Kent, Q.C.

“WHAT WE ARE DOING AND WHAT YOU CAN DO ABOUT EMPLOYMENT”

An Address by

THE HONOURABLE
DAVID J. WALKER, Q.C., M.P.
Minister of Public Works

Thursday, December 1st, 1960

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: It is a personal pleasure for me today to welcome to this forum, an old friend and fellow classmate, who has risen to great heights of distinction, the Honourable David J. Walker, P.C., Q.C., M.P., Minister of Public Works in the Federal Cabinet.

Mr. Walker is a native-born Torontonian of whom this City may well be proud. He was born in Toronto in 1905 and received his early education at Winchester Public School, Toronto Model School, and Jarvis Collegiate Institute. He then continued his studies at the University of Toronto, graduating in 1928 with a B.A. degree. He then entered Osgoode Hall and was called to the Bar in 1931. Thirteen years later he was made a K.C. He became head of the law firm which still bears his name, Walker, Milton, Rice and Ellis. As a jury lawyer, he became noted for his impassioned and effective appeals. His verdicts were substantial, and insurance companies got into the habit of making generous settlements when they learned that the plaintiff’s Counsel was our guest.

Mr. Walker first stood for election in 1953 and on his first attempt was defeated. But he was not deterred. On

June 10, 1957, he was elected to the House of Commons and of course, re-elected one year later. In 1957 he was appointed Parliamentary Assistant to the Minister of Justice. On August 20, 1959, he was appointed to his present high post, Minister of Public Works for Canada. He is also Minister of National Housing and early this year was appointed Minister in charge of the National Capital Commission, which is engaged in the ambitious beautification plans for the Federal Buildings in the City of Ottawa.

There is little time to mention his other activities. He is a Past President of Macdonald Cartier Club of the University of Toronto, of the Osgoode Hall Conservative Club, and of the Toronto Progressive Conservative Business Men's Club. He is a Past President of the Albany Club and of the Toronto Lawyers' Club. In 1956, he was elected a Bencher of the Law Society of Upper Canada, the body which governs Ontario's 5,000 lawyers.

Mr. Walker's chief recreations are riding and skiing, and he is an Anglican. He married the former Elizabeth Joyce Smith of Toronto. They have three children, a son and two daughters. I now introduce to you The Honourable David J. Walker, who will address us on "What We Are Doing and What You Can Do About Employment".

MR. WALKER: In recent months no subject has been discussed so widely in Canada as the question of employment and how to increase it. This is entirely fitting: one of the great virtues of the democratic way of life is that is proceeds by public discussion; and in the words of Macaulay, "Men are never so likely to settle a question rightly as when they discuss it freely." I am grateful to the Empire Club of Toronto for this opportunity of offering some facts and some thoughts on the question.

In spite of the current cascade of words about unemployment, misunderstanding still persists in some quarters as to its nature, and certainly there are wide differences of opinion on how it should be met. I should like to summarize the many steps the Government of Canada has taken or is taking, and also to make some suggestions on what Canadians individually and collectively can do about employment and unemployment.

First, however, let us look at some of the facts about the general state of the Canadian economy. They show conclusively that the economy is in a fundamentally healthy state. The gross national product in the first half of this year rose by 3 per cent to an annual rate of about $35,300,000,000. Another indicator is the rate of new capital investment, which is running at the very high level of 22 per cent of the gross national product, as compared with 14 per cent in 1946, and 23 per cent in 1948 during the period of post-war expansion. The rate of capital investment in Canada is higher than in most other countries.

Production is at a very high level. The Prime Minister mentioned last week in the House of Commons that during the first 10 months of this year, the production of steel ingot was 3.3 per cent higher, and newsprint 6.6 per cent higher than last year. Between January and August, the production of sawn lumber was 7 per cent higher than last year; copper was up 14 per cent and nickel 21 per cent. Retail sales, too, are higher than last year. Exports have reached a record level, standing 8 per cent higher than last year.

Canada's economy faces problems, but its underlying strength must be recognized if those problems are to appear in proper perspective. More people are gainfully employed in Canada this year than in any previous year, and labour income is higher than ever before. Unfortunately, it is also true that the Canadian labour force has grown more rapidly than the increase in the number of jobs. This unemployment in the midst of general prosperity is not confined to Canada. It is apparent, for example, in the United States, where steel production is at 51 per cent of capacity as compared with 80 per cent in Canada. Unemployment figures have also been rising in that country.

Of course, the fact that record numbers are at work in Canada will not console the willing worker who has no job and no current income. Any unnecessary unemployment is a tragedy for those directly concerned. Every man needs to be needed, to feel that he has a constructive role to play in the life of his community. It is entirely right that Canadians should aim to achieve the highest attainable level of employment in all parts of our country.

Seeking this goal, we should recognize that unemployment is not a single problem but a series of different problems arising from different causes. Some forms of unemployment have always been with us. Particular persons may find difficulty in getting or holding a job even in times of acute labour shortage. There may be many reasons for this, such as poor health, lack of skills, age or domestic responsibilities. Other people may be "frictionally" unemployed, as a result of their freedom to change their jobs. One of the objectives of the National Employment Service is to bring people and job vacancies together in order that the time lost in this way may be as short as possible.

A third kind of unemployment arises from Canada's climate. Winter unemployment used to be regarded as inevitable, but recent experience has shown that seasonal fluctuations can be greatly reduced. I shall return to this in a moment.

A fourth variety is structural unemployment, arising from automation or other technological change. In periods of rapid scientific progress, this structural displacement may increase in importance.

Finally, there is the so-called "cyclical" unemployment which arises in periods when productive capacity is less than fully used.

The numbers of persons in these different categories will vary from time to time, reflecting the many currents and cross-currents at play in the national and, indeed, the international scene.

I should emphasize the importance of the international scene, because Canada is obviously at a turning-point in its trade relations. Until recently, the war-torn countries lacked the industrial capacity to meet their own needs. To help fill this gap, Canada entered markets both at home and abroad, in which she had not participated before the war. Now the new and ultra-modern production facilities of the European countries and of Japan, together with the ever-expanding productive capacity in the U.S., have brought a new competitiveness to world markets. A world-wide sellers' market, after lasting for two decades, has come to an end. Furthermore, this turning-point has been reached just when the large numbers of Canadian war-babies have grown up and are beginning to enter the labour market.

So much for the general background.

To meet this group of problems, what has the Government of Canada done and what is it doing? The catalogue is a formidable one—so formidable, in fact, that I shall have to confine myself to the highlights. I shall refer first to those measures that bear particularly on seasonal unemployment, and shall then treat the non-seasonal items as a group.

The municipal winter works incentive programme, now in its third year, was considerably expanded this year, and its period of operation was extended to start on October 15th. My colleague, the Minister of Labour, estimates that this programme alone will provide 100,000 winter jobs on-site, and an equal number off-site. Here for a start, then, are no less than 200,000 jobs.

Secondly, the Department of Labour has intensified its education programme to encourage individuals and corporations to "Do it now", to have alterations and maintenance work done during the winter months when skilled workmen are more readily available.

Thirdly, a number of important steps were taken several months ago in housing—one of the fields on which I am required to report to Parliament. To supplement the flow of mortgage funds from approved lenders, Central Mortgage and Housing Corporation was then authorized to make direct loans to merchant builders without any numerical limit if the houses were sold in advance. The Corporation was also authorized to make loans to builders for display houses. Loans to limited dividend companies for the construction of rental housing for families of low income were made more readily available. Further, on October 11th I announced that home improvement loans under the National Housing Act were extended for the first time to owners of rental housing. This made possible a vast programme of repair and improvement of the existing rental housing stock, for it applies to no less than 1,500,000 rental dwellings across the country.

Fourthly, the Department under my direction has already made arrangements for the performance of public works contracts to the value of $100,000,000 during the coming winter months. Other Federal Government departments have also overhauled their programmes to provide as much winter work as possible. Apart from this, the Department of Public Works has tried to concentrate both its purchasing and its building alteration work into the winter period.

I shall be speaking of further measures that the government is placing before Parliament in the fields of housing loans, small business loans, and hospital grants. For the moment, may I simply remark that these are three other important weapons in the attack on winter unemployment.

The Government has for months been engaged in the formulation of its expanded programme to meet both the seasonal and the non-seasonal problem, and to stimulate national development. You will recall that these subjects were discussed during October at the Federal-Provincial Conference and at a special Conference with National Associations convened by the Prime Minister. These meetings were constructive and useful, and many suggestions were made; but one of the striking features of both discussions was the difference of opinion on what further steps ought to be taken. Some delegates believed that capital investment in Canada's industries should be increased; while others thought the country already suffered from unused capacity and consequent rises in overhead costs. Some thought subsidies should be paid; while others thought taxes should be reduced. Some urged greater tariff protection; while others called for freer trade. Some asked for a gigantic programme of public works; while others said that Government expenditures should be reduced. Some said that labour should reduce its wage demands; while others asserted that increased consuming power was essential at this time. Some thought the accent should be on the development of primary resources; while others said that only manufacturing could provide the numbers of added jobs that were needed.

You can see that there was a rich variety of opinion, reflecting the complexity of the question itself! Delegates were unanimous on some points, however: notably, the need for more vocational and technical training.

Let me turn now to some of the steps the Government has taken and is taking to promote national development.

On November 22nd, it was my privilege to introduce into Parliament another series of important housing measures which together will provide a massive stimulus to employment. The earlier measures had made mortgage money available, but for the first time in many years the demand for new housing had fallen off. The Government recognized this situation as a dual opportunity: a chance to stimulate employment by enlarging the demand for housing; and at the same time, a chance to help the little man to become a homeowner. The new amendments will raise the N.H.A. loan and reduce the down payment, by $500 in the case of a house worth $10,000, and by $600 for a house worth $14,000. There will be no increase for houses worth more than about $14,800. The maximum period of repayment will be lengthened to 35 years. The loans available for rental housing will also be increased, and the repayment period lengthened. If I mention that every new house represents six months' work for five men—two on-site, two off-site, and one for the related ground services—you will see the immense significance of these changes.

Parliament has also been asked to permit the Federal Government to pay 75 per cent of the cost of acquiring and rehabilitating existing housing in urban renewal areas. Federal-Provincial partnerships desiring to provide low-rental housing will thus be able to use these existing units, instead of being obliged in all cases to build new housing.

The National Housing Act is being amended further to authorize C.M.H.C. to help municipalities in the fight against water pollution by lending them two-thirds of the cost of collector sewer and sewage disposal systems. To encourage speedy and vigorous action, C.M.H.C. may forgive one-quarter of the loan to a municipality if it is spent on work put in place before April 1963. Still another N.H.A. amendment will authorize C.M.H.C. to make long-term low-interest loans to universities for the construction of student dormitories.

Another measure that can be a continuing stimulus to the growth of private enterprise in Canada is the bill to provide for the guarantee of loans made by banks to small business for the improvement of premises and equipment. Small business organizations have told the Government that the amount of contract work now available in small retail business alone is approximately $75,000,000. The bill is broad enough however to include also wholesale trade, manufacturing and service businesses; and the total figure should therefore be much greater.

My colleague, the Minister of National Health and Welfare, has given notice that he will recommend continuation of hospital construction grants beyond March 1963. This will assure that hospital construction will not be diminished because of uncertainty as to future policy.

These are some of the steps already taken to stimulate the national economy. If you heard or read the Speech from the Throne, you will recall that many other measures to this end are being brought forward. There is, for example, the agreement already reached with the United States for the co-operative development of the power resources of the mighty Columbia River. There is the Manitoba floodway, which will protect the city of Winnipeg from periodic disasters, and the project to conserve and control the waters of the Upper Thames River in southwestern Ontario. A detailed survey will be made of the route for the Pine Point Railway to Great Slave Lake so that construction may proceed; and the building of the Mattagami railroad in Quebec will go ahead. Other measures already announced include: the establishment of a National Productivity Council, which will enable representatives of all sectors of the community to work together in promoting productive efficiency; the legislation to provide for contributions to Provincial programmes of technical and vocational training, including contributions toward capital cost; a many-sided programme of rural development, conservation and rehabilitation; and steps to overhaul the unemployment insurance scheme. The Speech from the Throne also mentioned that a Supplementary Budget would be presented this month, but did not specify whether Christmas bounty would be involved.

Perhaps I have said enough to make clear that the Federal Government has been fulfilling its role in providing leadership and in providing facilities and assistance to other governments and to private enterprise.

But a national government by itself cannot eliminate all unemployment, and by itself cannot bestow a rapid rate of economic growth upon the citizens. The Federal Government, the ten Provincial Governments and the 5,000 municipal governments taken together—and all those who work for them—produce only about 15 per cent of the gross national product. In a democracy with a free economy, the people rely chiefly upon the citizen and his enterprise because private enterprise represents 85 per cent of Canada's national product. The individual Canadian, therefore, has a vital role to play in keeping our economy healthy and vigorous. To expect governments to provide all the needed enterprise would be an abdication of responsibility. Everyone has a part to play, whether he be producer, distributor, consumer, or citizen-at-large. Here are some concrete suggestions.

The producer, whether a person or a corporation, can schedule much of his construction and maintenance work for the winter months; and in many lines, he can arrange his production and purchasing to help absorb the winter slackness. He can and should aim at increased productivity in all seasons because this is the key to success in our more competitive world. Our industries at this time are more efficient than three or four years ago, but the trend will continue only if positive efforts are made in that direction. The producer should search for changes in methods and equipment, either by formal research or by picking up successful ideas from others. He can and should consider the proper timing for the introduction of new plant or machinery, and he can often retrain his staff without undue difficulty to operate it. Generally, by handling his employees in a human way, he will promote good relations and high productivity.

The producer as workman has an equally critical part to play. He, too, can and should contribute to a rising level of productivity by all kinds of innovations and improvements in working methods. He should recognize that rises in wages should be related to rises in productivity. He should consider whether or not his own skills require further development. He should consider whether or not he needs to learn new skills—this applies particularly, but not solely, to the vocational training of the youthful or the unemployed worker. He should recognize that cheating the Unemployment Insurance Fund is nothing less than stealing the money of his fellow-workers.

The distributor's role may be stated simply, but fulfillment will demand all of his ingenuity. In the newly competitive world, there is an urgent need for more active selling, especially in export markets. In this connection, the forthcoming Export Promotion Conference is particularly timely. The exporter will also be helped by the arrangements which the Government has made with the banks for the provision of improved export credit facilities.

The consumer can help by responding to the "Do it now" programme, by having repairs and alterations made on his premises during the off-season. He can also contribute by buying goods made in Canada when these will meet his needs in competition with others.

Finally, what is the role of the citizen-at-large—that is to say, of every one of us? It is to invest our faith and our funds in Canada and in Canadian enterprise, to boost Canada both at home and abroad. We know that a glorious future belongs to our country, and our attitudes and actions should reflect that knowledge. It is our responsibility to ourselves and to the free world to make the Canadian democracy work well. This inescapably means that Canadians must see to it that they generate a steady pace of national development and a continuing high level of employment.

THANKS OF THE MEETING were expressed by Mr. John Griffin.

“THE FABULOUS ORIENT”

An Address by

WILLIAM E. WILLIAMS
President and General Manager,
Procter and Gamble Co. of Canada, Ltd., and
President of the Toronto Board of Trade

Joint Meeting with the Canadian Club of Toronto

Monday, December 5th, 1960

CHAIRMAN: The President of the Canadian Club, Mr. H. H. Wilson.

MR. WILSON introduced the guest speaker.

MR. WILLIAMS: Gentlemen, today I am going to talk to you, and briefly, about the story of the Board of Trade of Metropolitan Toronto's first travel venture outside of North America in 115 years. For a long time now we have been going up and down the St. Lawrence, visiting mines in Northern Ontario and cities in the United States.

However, since I am to be President of this wonderful organization for one time only and for one year only, and because of my own extreme enthusiasm about the Far East, an insane idea was born of taking a group of approximately 100 members of the Board to Japan, Hong Kong and Honolulu in our own chartered aircraft.

It was decided that the idea was worth investigating. A committee was formed, and with what I like to think of as typical Board of Trade efficiency, we set about finding out the degree of interest and the costs; and then we started planning an itinerary and handling all of the million-and-one details of such a trip.

I won't attempt to tell you all the details, but against what seemed to be tremendous odds, it worked out so that at 8:00 p.m. on Friday, October 21st, we embarked with a capacity load of 101 persons on a CPA Britannia, and away we went for what everyone seemed to feel was the most fabulous trip of his life.

The whole group was in a real party mood. The whiskey was free and so, despite elaborate planning to avoid such an eventuality, we ran out of whiskey before we reached Vancouver. At this point, we loaded up all over again, and this time the enthusiasm was so great that we ran out of soda and ice before reaching Cold Bay on the tip of the Aleutians. Again we reloaded, but, finally, time and the whiskey began to have their effect, and most of the group slept until our arrival in Tokyo the next morning after travelling some 7,700 miles.

At Tokyo we were greeted by beautiful weather. We were also greeted by the Canadian Ambassador, Mr. Fred Bull, and many Japanese business friends and acquaintances, including a number of people whom I had met on my previous trip. Truly, the Japanese are without doubt the world's greatest meeters and "seer-off-ers" of aeroplanes I have ever seen.

At this point I want to emphasize one of the things that everyone came away from Japan feeling; namely, that the Japanese were the nicest, most hospitable, most wonderful people that they had ever met. During the entire time, there wasn't a single individual on the tour who saw one trace of insolence or unfriendliness—it was quite the contrary. The people could not have been more pleasant, and to add to it all, the food, the hospitality, the hotels, and the travel arrangements within Japan were all absolutely without comparison.

So there we were, in the "Land of Mount Fuji". Incidentally, the Japanese have a saying that "the man who has climbed Fuji once is crazy, and the man who has climbed it twice is twice as crazy".

At this moment may I urge those of you who visualize Japan, especially Tokyo, as being a rather super-neat, oriental-type Switzerland, to forget all about it and start over again. Tokyo is a big, lusty, sprawling, unbelievably huge city. It is actually the largest city in the world, both in area and in population.

Also, it has traffic that makes Rome, Paris or Caracas seem like downtown Toronto at 6 p.m. on a summer Sunday afternoon. Tokyo was completely burned out during the war—literally there were only a few hundred buildings of any kind left in the city. It was rebuilt following the war and rebuilt so hurriedly that the broad vistas of a properly-restored Rotterdam are not to be found there.

There are beauty spots and there are historical spots, but the overall impression is one of a hard-working, hurrying, bustling people in a city mainly undistinguished and unbelievably dirty in parts thanks to the current building of the city's third subway. As you know from our own experience in Toronto, nothing in the world messes up a city like building a subway.

We proceeded to the New Japan Hotel, certainly one of the world's finest and built less than two years ago. Most of the members relaxed until time to go to the theatre that evening, but I reversed the procedure and was the guest of honour at a large cocktail party. After this, it was my turn to relax, having been awake almost continuously for some thirty-six hours.

The next morning we had a bus tour of Tokyo, and a number of the members visited the Tokyo Stock Exchange, which handles twenty to thirty million shares a day. The report is that their facilities for handling this volume and, indeed, their general operation are far more modern than our own. That evening we had a large cocktail party and reception given for us by the Tokyo Chamber of Commerce. After this I took three members of the group along for a geisha party which was being given for me.

Now, having mentioned geisha parties, let me clear up a real misconception. There is sex in Japan as there is in most places around the world, and the Japanese are most matter-of-fact about this. But a geisha party is not sexy, and is not intended to be. Actually, based upon my more than ten experiences thus far, it is a rather dull ritual dinner where business men relax and talk over their affairs while drinking sake and being entertained with traditional songs and dances by young geisha girls trained in the art. These young ladies, ranging from fifteen years upward, are so elaborately dressed and made up that you feel you might be watching automated statues.

Later, as the party relaxes, thanks to sake and to santory (a quite good Japanese whiskey), you play parlour games —games that would be quite entertaining to the eight- to twelve-year old level here. I hate to be disappointing you, but, so help me, that's the way I saw it. And this time, I have proof from at least six other members of the group who went with me on small parties, plus the experience of the entire 101 who attended a major geisha party in Kyoto.

We have cleared up one Japanese fact. Now let me give you a few figures and facts about Japan. 98 per cent of all Japanese houses are wired for electricity; 99 per cent of the people are literate—one of the highest rates in the world. This year, for the first time, Japan's rice crop and consumption will be in balance.

During the last five years, about 20 per cent of all homes have acquired a television set, and the Japanese are absolutely going crazy on the subject of television despite the comparatively high costs of the sets and the fact that the average Japanese per capita income was only $290.00 in 1959, although it is worth about three times that in purchasing power. We here in Canada would average, on the same basis, about $1,500.

Gross national product is going up at a rate of 10 per cent a year. Exports in 1960 are up 20 per cent over 1959, and a labour shortage is developing though this can be fixed since their labour is wastefully employed by our standards. The Japanese annual budget is about $4,000,000,000 for 93,000,000 people versus $6,500,000,000 in Canada for 18,000,000 people.

Another fact—the old Japanese reputation for cheap merchandise, Christmas tree ornaments, etc, is a thing of the past and should be wiped out of your minds. New standards of quality controls, enforced by the Ministry of Trades and Industry, have pushed Japanese quality standards up to the absolute top of any country in the world. And I am referring to such complex things as cameras, television sets, radios, tubes, transistors, etc.

Another fact—for many years Canada has sold far more to Japan than she has bought from that country. But now sales seem to be falling into balance at about $130,000,000 this year thanks to the voluntary fixing of export quotas by the Japanese. This was at the strong request of the Canadian Government. Such items as textiles, radio tubes, stainless steel, flatware and many other items have had voluntary quotas fixed by the Japanese. Canada, by this means, does not violate the terms of GATT.

Half of their total imports from Canada are in the form of wheat which we have in enormous quantities. And we are building a rapidly-growing market there as the wheat is processed into noodles. We could sell far more if we were able to buy more from the Japanese.

Top wage for girls in industry is about $55.00 per month. and the top wage for men is about $75.00 per month. This compares with Hong Kong at about $39.70 for far longer hours.

Tokyo has a T.V. tower 108 feet higher than the Eiffel Tower. One of the great contrasts in Japan is that the country is only 17 per cent arable; and, therefore, every inch of land is used, and you can find a major manufacturing plant with a rice field right up to its very walls. These rice fields also go in terraces up the sides of the mountains, and all of them are tilled by hand.

Japanese prices on their goods are not only determined by cheap labour, but also by the fact that in many cases they have the finest possible machinery available in the world and their people work. Believe me, gentlemen, how they *do* work. Prices are reasonably stable, and labour is beginning to be short, as I said.

Actually, they have been in a boom period since the war, 1959 being the greatest year that they have ever had. As you know, they are the world's largest shipbuilders and have been for some time.

To stem the burgeoning population, birth control information is available throughout Japan, with the net result that their population growth is down to eight-tenths of 1 per cent and they have legalized abortion. To visualize just how many people there are, imagine Alberta as over 80 per cent mountainous, and with a population of 95,000,000.

The morning of our third day, there was a tour of an optical and camera plant. We left at noon for Kamakura, where we visited the big Buddha built about 1200 and then moved on to Miyanoshita, which is a famous hot springs resort, and were put up in the Fujiya Hotel, which was absolutely first class.

We never did see Mount Fuji, but left Atami the next afternoon on one of the most modern electric trains in the world. Here the boys whiled away a five-hour trip primarily in the bar.

Then we arrived in Kyoto. In case any of you fellows are proud of your heritage—where you came from, your country—think how the Japanese feel about looking back upon the fact that Kyoto was the capital of Japan for more than a thousand years. Then the capital was moved to Tokyo more than a hundred years ago.

Kyoto was not bombed during the war so it is there in the original with the old Imperial Palace, the Hall of a Thousand Buddhas, the Shogun's Palace, and so on. Here also is located the Gold Pavilion, which burned down accidentally but which has been replaced in accurate detail.

That night we had the whole group at a geisha party with much whooping, shouting, and general cutting-up later. The following day, the group visited Nara to see another giant bronze image of Buddha, an enormous Chinese bell more than two thousand years old, and hundreds of tame deer. Incidentally, Nara was the capital of Japan prior to Kyoto.

Then we went by bus to Osaka for a two-hour sightseeing tour of this city of 3,000,000 people. We stayed at the Osaka Grand Hotel, and grand indeed it is, having been completed just two years ago. That evening we were the guests of the Osaka Chamber of Commerce, the Japanese Trade Association, the Japanese-Canadian Society, and the Japanese Export Trade Association. It was there that we found that we were the largest single group from any one North American city to ever visit this industrialized area.

It was also there that I took my courage in hand and gave an extemporaneous speech in Japanese for about six and one-half minutes. If anyone is interested in how a man who knows not ten words of Japanese can make a speech in it, I will be happy to answer any questions later on.

The next morning, the group split into two parts—one to view a shipbuilding yard and the other to visit three of the plants of an old friend of mine, Konosuke Matsushita, who started in 1919 with a capital of $150.00. When I was there in 1957, his volume was $125,000,000 in small electrical goods produced in twenty-seven plants. This year, he will do $285,000,000 worth of business, with 34,000 employees in forty-three plants—quite a growth record—or 40 per cent a year for the last three years alone.

We went back to Tokyo, and to Nikko the following day to see its world-famous Toshogu Shrine, where the original three monkeys of "see no evil, speak no evil, hear no evil" are located.

The next day, I had the pleasure of taking four members of the party by to renew acquaintances with the Honourable Douglas MacArthur II, the nephew of the General. We were supposed to have the usual protocol-type twenty-minute meeting. Instead, this went on for almost an hour and one-half as MacArthur briefed us on the political situation in Japan in relation to the Communists, etc. I can't speak of everything that he told us, quite obviously, but suffice it to say that he feels that Japan is still strongly on the side of the West and even if the present government were to change twice more, it would still be that way. He said that the recent assassination of Anasuma would have little effect on the election which Ikeda would win, and he was exactly right.

He felt one thing very strongly; namely, that the Conservative element in Japan, which is all but one or two million of the people, had been more or less in the position of ignoring the tactics of this small group of extreme Left-Wingers. These Conservative people were shocked and brought to their senses by the actions which virtually denied President Eisenhower the right to visit their country. He feels that there has been a sharp reversal in attitude since that time, and he thinks that this is going to continue.

Let me say that between Bull, who gave a cocktail party for us, and MacArthur the North American continent is well represented in this key and focal point of the world. And for this, we can be most thankful.

And now, gentlemen, if I may be serious for just a few minutes, I want to *tell* you and *sell* you just as hard as I can on the advantages of the Western world retaining Japan on our side. It is, in my opinion and the opinion of far more experienced observers than I, that the world today has a number of major assets, some of which it cannot afford to lose.

One of these is the Middle Eastern oil; and in Lebanon, the United States proved that she was willing to go to war to protect that.

To my way of thinking, Japan is a far more valuable asset. To me, it is the key to the whole Asiatic situation and the key to controlling world Communism somewhere within its present limits. Japan has gone democratic and has gone that way with a bang. Certainly they still revere their Emperor, but the democratic way is sold and sold solidly to the majority of the people. There have been some changes in the rather too rapid governmental framework imposed in the immediate post-war years, but these changes, which are still going on, are structural and mechanical rather than changes of the spirit, inexperience with majority rule—minorities cannot fully realize they must conform. The Japanese like what they have. They admire the North American way of doing things, and they will cling to it and to us as long as we will let them.

Now, you say, what do I mean? I mean simply and literally that, unless we people in North America and the world *let* Japan sell enough of her merchandise to us, then Japan cannot survive and feed herself. It is certain that 93,000,000 people are not going to starve to death on a matter of principle. They have only one other place to go, and that is back to North Korea and to Red China, where steel, coal, limestone, and an unlimited consumer goods market await them. True, it would mean Communism, but Communism, I assume, is better than starvation.

Gentlemen, those were the exact same words that I said on December 5th, 1957. And I was interested and pleased to see an almost verbatim repetition by Bruce Hutchison in the articles which he did for the *Victoria Star* in 1960. I am glad to have the corroboration of a far more experienced observer than I.

Believe me, should it happen that Japan and Red China unite, it would be a catastrophe which would make the thirteenth-century invasion of Europe by Genghis Khan seem a simple Boston Tea Party in comparison. You see, to add the Japanese manufacturing, resources, and equipment, their skillful, inventive and hard-working population to the enormous number of people in Red China, would make the combination, in my personal opinion, the most formidable force in the world.

I do not think that this is going to happen if we show even the faintest vestige of intelligence. All we have to do to save this valuable resource for the free world is to simply allow the Japanese to sell—and notice that I say "sell", not "give"—enough of their goods to balance the trade between Japan and Canada, and Japan and the United States. This is the very strong feeling of everyone to whom I have talked, including both of the Ambassadors that I have mentioned.

Here are two relevant thoughts and two bits of advice for the Japanese. They must use care not to completely devastate one area of business such as textiles or radio tubes, but rather they must spread these exports on a more equitable and broader base, thus avoiding the obvious violent reaction of a group of companies who are seeing their long-established businesses ruined. A second point is that where Japanese prices are 30 per cent, 40 per cent, or 50 per cent below equivalent prices in importing countries, the Japanese should raise these prices to only 10 per cent or 15 per cent below. They would perhaps ship less total tonnage, but they would make as much or more money. The differential could be used over the years to defray the rapidly-rising Japanese labour costs and to put in more efficient machinery.

I might point out that in a full-page ad run in *The Financial Post*, Japan notes that in 1959 she bought 2.7 per cent of all the goods exported from Canada, or $140,000,000 worth. Japan sold us 1.8 per cent of all the goods imported by Canada, or $103,000,000 worth. True, our goods have a low labour content; whereas hers have a high labour content. But that is the only way she can live since she has no raw material resources of her own. We sell them lumber, wheat, some manufactured goods, and a great deal of other raw materials.

I would like to point out that what has been happening in Japan is the same thing that has been happening in Canada. We, too, are buying more than we sell, but Canada has been fortunate in that an influx of investment money keeps pouring in, keeping our economy solvent. Without that, we could find ourselves in worse shape than the Japanese now are.

Therefore, we are brothers under the economic skin and should be sympathetic with their position.

It is true that the Japanese expansion has been great, and the post-war years have been known as *Jimmu-kieki*—that is, the biggest boom since the Emperor Jimmu, who legendarily founded Japan 2,000 years ago. The Japanese have doubled their gross national product over the past ten years, and, as I have mentioned, they are still earning an average income of only $290.00 a year.

I would like to make one other point, and that is that these intensely proud people look back upon their historical heritage and their ancient lineage with a pride that even those of us of British ancestry find hard to match. Partly for this reason, they are intensely sensitive to slight. They expect their enormous politeness to be returned in kind. I don't believe that we should deviate from a policy of being fair, equitable, and even generous. After all, these people have a population of 93,000,000 jammed in an area smaller than California; and, as I mentioned, very little of this land area is arable.

I have a strong belief that Japan is not asking for financial aid, dollar grants, Colombo Plans, sympathy, or charity. Her position is simply that here is a teeming, growing population of frugal industrial workers who must eat to live, who must import raw materials, fabricate, and then export their production in order to earn money to buy food. Lacking this opportunity—and God forbid that—Japan has no other choice except to swing to the Communist side. Therefore, may I urge you, if you take nothing else away from this talk, to view with tolerance the Japanese effort to live through export.

Finally, we were off to Hong Kong and arrived there the following morning in absolutely perfect weather. The troops, if I may refer to them as that, immediately pulled out their wallets and started spending money exactly as if they thought it were going out of style the following day. By now, the mass of luggage had grown sharply; but in Hong Kong it seemed to double, and everyone was running around with a cheap $2.00 suitcase loaded down with brocades, pearls, jewels, art objects, and carved ivory. Even some of the sillier of us shipped home large Chinese lacquered screens, six-by-six, which will undoubtedly delight our respective wives when they arrive.

The most obvious thing about Hong Kong is that the city is living on borrowed time. The lease which the U.K. has with China does not expire for some thirty-seven years, but there is always the possibility that the landlord may foreclose on the lease at any moment which happens to suit him.

If anyone in Hong Kong is particularly worried about this prospect, he refuses to show it, believing instead that Red China finds it far too valuable a spot in its status as a listening post, a source of Western goods, and an earner of hard dollars from the sale of all manner of goods, including about 45 per cent of the fruits and vegetables consumed there. The general feeling is that things are going to stay exactly the way they are.

We called on government officials and the President of the local Board of Trade as a matter of courtesy and received a great deal of valuable briefing. The population, which was down during the war to about half a million, is now up to three million. The wage rate is about $39.70 for a 70-hour week, and the building, which was frenzied when I was there before, is now actually insane—simply enormous buildings are going up every place you look. They are all complete with steel, marble, air conditioning, and it is clear that the people in Hong Kong are building for permanency.

In Hong Kong there are wonderful hotels—the food is spectacular in any type of cuisine you want. The girls are beautiful and add to their charm by wearing a *chong-sam*, a sheath-like dress slit far above the knee. Add to all this the fact that prices are almost unbelievably low because everything in the world is available there in that duty-free port at prices far below home country costs. This is due not only to the lack of duty but also to the shrewd Chinese merchants selling as hard as they know how.

If you think you work, let me tell you one small incident. One of our members decided he had to have a black silk dinner jacket at noon the day before our departure at seven o'clock in the morning. He ordered the suit at noon and went back for a first fitting at dinner time. The tailor came by at 3:15 a.m., woke him up for a second fitting, and then delivered the suit at 6:30 in time for the luggage pick-up at seven.

The refugee problem is almost impossible. Last year, Hong Kong opened up a new school every two weeks with a capacity of 2,000 students each and this is still far behind the demand. Light industry is booming—much of it done with the finest of modern equipment. Their exports are soaring and will have to continue going this way if they are to support the load they have. Thanks to British training and indoctrination, the water, sanitation, traffic handling, etc., are all top-flight.

On a sentimental note, while we were there, the group, headed by Colonel Gordon Weir, placed a wreath on the monument to the 300 Canadians who rest there—the first Canadian casualties of the war. One piece of advice: when you travel, save your money for Hong Kong.

Several of our members, while crossing from Victoria to Kowloon by the ferry which carries 300,000 to 400,000 people a day, mentioned with some obvious pride the fact that a 1,000-foot U.S. aircraft carrier with all of its escort vessels was parked in the tremendous harbour. It was part of the Seventh Fleet. It was out there supporting the free world at the cost of the American taxpayer, and this comment seemed to draw quite a bit of favourable attention, particularly when it is considered that Canada spends some 20 per cent of her income on defence; whereas the United States (with an annual budget almost fourteen times larger) is spending 52 per cent of her budget. The Japanese spend 1.5 per cent of their budget on defence.

We shopped and shopped and shopped, and finally we took off with so much luggage that they had to weigh each one of us individually, including everything we were carrying in our hands, plus all of the luggage. At this point they took 5,900 gallons of kerosene out of our Britannia. We made two stops, one at Wake and one at Guam, on the way to Honolulu. For those of you who want confidence in the management of an airline, take a look at the map of the Pacific and locate Wake Island. It is a little horseshoe about three miles long and two miles wide, with nothing around it suitable for a landing spot. When you hit this, you are really convinced that you are in good hands.

Honolulu is in the midst of an incredible boom—so much so that it has gained 25 per cent in population in three years, and the number of tourists has shot up like a rocket, from about 25,000 people a year ten years ago to an estimated 240,000 this year. Quite naturally, jet planes are making Hawaii more and more accessible, and since it is at the crossroads of the Pacific, people are really flocking in. New hotels are going up all over the place, and a twenty-six-storey office building is being constructed. Some of the more seasoned travellers now say that you have to go to the outer islands—that is, away from Oahu—in order to find the old island atmosphere.

There was another tour the next morning. Although I must confess that there were a very large number of the group on the beach at Waikiki admiring the bikinis and their contents, the bars and excellent restaurants seemed also to be well patronized. Everyone by this time had broken out in a uniform consisting of shorts, knobby knees, and violently-coloured pineapples on sport shirts. But they were still having real fun. Quite a number of the group had been to Honolulu before, but only four out of the total 101 had been to the Far East. Consequently, many were on familiar ground in Honolulu.

It is said that the Hawaiian Islands represent the finest blending of races in the history of the world. Apparently this is true, for even though there are still minor discriminations, the melting pot seems to have worked wonderfully well.

And so we finally took off at 11:45 that night, with the strong waters still flowing freely and everyone in an unbelievably good humour and excited as a small boy at a circus. You might think that some of them would have begun to tire by this time, but if they did, it was not readily apparent.

Over Vancouver the next morning, we found the city completely socked in and had to go to Abbotsford, about forty miles to the northeast, where we were greeted by two immigration men and two of the most overworked customs men I have ever seen. By this time, the mass of luggage was unbelievable. However, they were quick, obliging, and, thanks to their handling, we took off only one hour late. We arrived in Toronto at precisely 10:00 o'clock, or only one hour and ten minutes off our schedule.

This then completed what in my mind was a major miracle. We started out with 101 people. We came home with 101 people. We had had no major illnesses. No one had been robbed or rolled in a dark alley. We had taken our own doctor with us to solve the small medical problems that occurred; and we lost no baggage.

In closing, I would like to emphasize that we were not a trade mission, although every assistance was given to those who wanted to set up business contacts.

Thus far this has resulted in the following:

Import of Japanese and Hong Kong products	14 Members
Export to Japan and Hong Kong	4 Members
Imports replacing present U.S. imports	4 Members
Two-way trade, both import and export	4 Members
Revitalizing long standing trading contacts	5 Members
Total:	31 Members

Thus, we returned physically tired but mentally stimulated and with a far broader knowledge of some of the other peoples of the world, their problems, and the possible solutions to these problems than we might otherwise have.

All of this was at less than half the cost of a similar trip handled independently. There will be more such trips, and I warmly invite you now to go with us to sunny South America, magnificent Mexico, expanding Europe, stunning Scandinavia, or the superb South Pacific, for as surely as I stand here today, these trips will come about.

THANKS OF THE MEETING were expressed by Mr. Alexander Stark, Q.C.

“PEACE THROUGH INVESTMENT— A CHALLENGE TO THE CAPITALIST COUNTRIES”

An Address by

SIR HUBERT NUTCOMBE HUME, K.B.E., M.C.

Thursday, December 8th, 1960

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: Sir Hubert Nutcombe Hume, K.B.E., M.C., heads the famous Charterhouse Group of Companies, the assets of which exceed £14,000,000, with considerably over 8,000 shareholders. His Companies have been built up on a very unique basis. They are not the typical industrial holding companies which literally swallow up businesses and merge them and control them. His Companies are industrial development companies whose job is to provide capital for growing businesses of small or medium size who are unable to raise the capital for expansion in any other way. Indeed, Charterhouse has the very definite policy of avoiding control of companies in which it invests, being quite content to perform as a minority partner. The Charterhouse Group operates all over the world, and since 1953, Charterhouse (Canada) has assisted in the development of some nineteen companies in various fields of endeavour, including engineering, manufacturing, plastic products, household appliances, and many others.

The head of this great enterprise, who has won many distinctions, who is himself a director of dozens of companies in addition to the Charterhouse Group, is a very modest man. He deals essentially in human values. He is much more concerned with the nature of the men who operate a company than with that company's financial assets. He is himself most genial and kind and is affectionately known in the boardrooms of London and elsewhere as "Nut Hume". In his lifetime he has done many things. Of course, he has visited Canada on many occasions. He started his career as a soldier in the Regular Army, but in 1912, a search for adventure brought him to Canada, where for some little time he drove a taxi-cab in Vancouver. Then came the first Great War, and for four years he served with the Hampshire Regiment, emerging with the Military Cross and a mention in Dispatches.

When he left the Army, it was to become "something in the city". He quickly found his role in life, and from the very start, he has been concerned with the provision of capital for industry. Typical of Sir Nutcombe Hume was his answer to a reporter who recently interviewed him, suggesting that there did not seem to be too many opportunities for investment in the market. Sir Nutcombe's reply was, "Yes, a good deal of the cream has already been skimmed from the milk jug. But I believe there are still cheap shares around if you know where to look for them. What we try to do is to find shares that we consider will be getting near to blue chip ranking in five years time." Sir Nutcombe has been quite successful in doing just that.

However, contrary to the popular conception of the financial tycoon, Sir Nutcombe does not put money first. "Money," he says, "is not all that important. It is the junior partner. Attach the right people to it, be prepared to take the long view, and you will win out in the end."

I have great pleasure in presenting to you Sir Nutcombe Hume, who will speak to us on the topic, "Peace Through Investment—A Challenge to the Capitalist Countries".

SIR NUTCOMBE HUME: May I first acknowledge with gratitude and some embarrassment the kind words with which Mr. Stark has introduced me. They are altogether too flattering.

I was given freedom of choice as to subject of my talk today, and I chose "Peace Through Investment" for three reasons.

The first is that the subject of investment in underdeveloped countries is very prominent in much that is written and said today. Secondly, the Organization for European Economic Cooperation, known as O.E.E.C., is now about to become the O.E.C.D., which means the Organization for Economic Cooperation and Development. And to the eighteen countries which were members of the original O.E.E.C., the United States and Canada are now being added.

If the letter, "D", for "Development", means anything at all, it must mean that your country is now thinking actively of the question of aiding development. "Economic Cooperation and Development" is a very interesting and challenging collection of words.

Mr. Fleming, in an address to the World Bank, on September 27th, said: "Another new initiative of the past year is the formation, at the suggestion of the United States, of the Development Assistance Group. (The Development Assistance Group is a kind of godfather to the O.E.C.D.) Its purpose is to improve the quantity and quality of economic assistance. Canada is glad to play its part in this endeavour."

That is my second reason for suggesting that this subject may be interesting to you.

The third reason derives from a personal conviction of my own. Since its formation thirteen years ago, I have been first a Director, then Deputy Chairman, and latterly, Chairman, of the Colonial Development Corporation, which was formed after the war with, now, £150,000,000 of resources provided by the taxpayers of Britain for the purpose of developing the colonies. From my work there I have become quite convinced that there is a tremendous job to be done in the field of economic development in underdeveloped countries. I have also become quite convinced that there lies upon the richer countries a social duty to take a hand in this work. More than half the people in the world are living sub-standard, on the verge of subsistence.

I am not going to burden you with statistics today because they are boring, and one doesn't remember them anyway.

But there is one I want to mention, and it is this: The average annual income of the 500,000,000 people living in India and Pakistan is $65.00. The average annual income of the 170,000,000 living in the United States is $2,125. Here in Canada, it is $1,475; and in Britain, it is $960.

The comparison is quite fantastic. The American has thirty-three times the average income of the Indian. The enormous size of the problem becomes very clear from the report that was made to the World Bank in the course of the last few weeks by the three distinguished bankers who were asked by Mr. Eugene Black to go to India. They were Dr. Hermann Abs of Germany, Sir Oliver Franks, Chairman of Lloyds Bank in England, and Mr. Sproule, from America. In drawing attention to the size of this problem, they stated that if over five years the average Indian income is to be raised from $65.00 to $74.00 a year, the investment of $21,000,000,000 is needed.

Those figures, which are the only ones with which I am going to bother you, are significant. $21,000,000,000 are needed to raise the average income of an Indian from $65.00 to $74.00 a year, and thus raise his income from a thirty-third to a twenty-eighth of the average American income. There is another calculation worth making: if by cooperation we can raise the annual spending power of 500,000,000 people by $10.00 each, that is 5,000,000,000 dollars a year which would be mainly injected into the consumption market. There are great prospects for people who make products that those people want to buy.

So that altogether apart from the humanitarian aspect of making this investment, it has an extremely attractive business side to it.

There is, moreover, another reason for the need to invest boldly in the underdeveloped countries, and that is what I call the "defence angle". The speed of modern travel and communication is such that people will not be content to remain at a very low level of subsistence when they are brought so close to the higher standard of living in other countries. If the imbalance is not corrected, they will sooner or later seek by military means or by some means which are certainly far from peaceful, to become possessed of part of the property of the rich countries. Distance is no longer a gap which cannot be bridged. The poor country is nowadays just across the way.

The defence reason is therefore one which can alone compel us to do something about this; and I suppose that any one of us would say it is worth sacrificing quite a lot to avoid becoming involved in another war, and it is useless to say it could not happen in this day and age. In Cuba at this very moment, some trigger-happy chap might start a war which could become world-wide; and that is an illustration of a "have not" wanting to seize what he can easily see the "haves" have just across the garden fence.

But whilst the defence reason for investment may be compelling, I prefer to think of this matter from the humanitarian point of view: the social duty which devolves upon us all to do something about it because we feel an urge to help people less well placed than ourselves.

There are 2,500,000,000 people, or thereabouts, with but a fraction of the income of any one of you in this room. This is a state of affairs which is becoming increasingly intolerable to men who have high principles and who think, as very many people today do think, on these social subjects. The days of turning one's back and saying that nothing can be done and that it is just too bad that Indians, Pakistani, Indonesians, or Chinese die from hunger, have passed; and I, personally, am very glad it is so.

May I ask you to draw the analogy of what has happened in your own locality during the lifetime of many of us older people here. We can remember well the "Boss" living in great affluence, with his working people living in the same village in very poor circumstances indeed. That has virtually disappeared today. The working people have better dwellings, piped water to the house, and other enormously improved facilities. One can still see in parts of England, as many of you must have done, the back-to-back houses with one water tap and one privy in the street, serving more than one house. That was commonplace in our own lifetime, but, thank God, it is now fast disappearing. Why? I don't think it is entirely through the stimulus of fear on the part of employers and landlords who were forced to do something because of the threat of revolt. I like to think it is due to enlightened understanding of the humanitarian aspect to which I have already referred.

Today that has spread beyond the village, town, or even country to other nations as can be realized by the amount that one hears and reads on this subject. But hearing and reading about it is not enough; something practical has got to be done about it.

There is another reason. If our countries, with their codes of behaviour to which we all subscribe, do not do something about it, I have no doubt but that Russia and China will "have a go". There is already some indication they are seeking through the medium of investment to get a foot in the door politically.

I am a little skeptical as to whether in fact one can, by investment, buy or order a political system in another country. Britain, who was the traditional investor in overseas countries from 1840 to the beginning of the first World War did not, as events have shown, succeed in implanting her political system in several countries in which she made big investments. South America, where most of the railways and public utilities were built with British investment money, has not exactly followed Britain in political behaviour.

On the other hand, some of the colonies have done so. At the end of September, I had the privilege of being at the Independence ceremonies in Nigeria. It was a thrilling four days. Despite all the criticism one hears of Britain as a bad colonizer, it was most impressive to see the extent to which the Nigerians have absorbed the principles of government, justice, and so forth, which we believe to be right and hold dear. In his Independence Day speech, their Prime Minister acknowledged this fact in very impressive and gracious terms.

I mentioned just now the necessity to make investment in order to buy peace. There is a problem here, the solution of which I am not prepared to suggest. But in certain countries which have a bellicose outlook on life (and perhaps one might cite Somaliland, where everybody is born with a spear in his hand), can it be expected that the intention to follow a peaceful form of life shall come before substantial investment in that country, or is it good policy to take a degree of chance and make the investment first? Should the country be provided with the everyday utilities, the roads, the ports and the secondary industry, in order to induce it to drop its bellicose attitude and become peaceful? The answer must, I think, be that no general answer can be given to these questions and that each case must be treated on its merits.

In the case of a big organized country like Russia, there is very little doubt that the intention to behave peacefully must precede the making of investment by other countries; whereas, in a smaller more primitive country, investment must come first.

Let us now assume that investment in any underdeveloped country has been decided upon. Then another problem must be faced and overcome, and that is, how can it best be done? It certainly cannot be done by merely giving money without being quite sure that the recipients are going to use it wisely and well. Money which is given, as opposed to being lent, is often not regarded with anything like the same care as money for which one has to account. "Easy come, easy go" is an expression we all use about people who get money too easily and spend it unwisely.

I, personally, am convinced that if the best use is to be made of money provided for development, it must be money for which the recipient has to account.

Between 1840 and 1914, Britain was the chief financier of the underdeveloped countries of the world, and she invested billions of pounds in doing this. That money all came through the machinery of the private enterprise system. It was not money provided by government, but it was money provided by individuals who were able to save and were attracted by investing it in such things as the South American and Indian railways, ports and other public utilities, and plantations and mines throughout the world. The borrowers were very well represented in London by the great international houses of Rothschild, Barings, Schroder, etc.

After the first world war, personal taxation greatly increased, and individuals could no longer accumulate savings with which to take risks inherent in overseas investments of the type I am describing. Because no other funds had then been established to do this work, there was a hiatus of time in which relatively little of this work went on.

Following the second world war, it was not only the higher level of personal taxation which dammed this flow of capital into overseas countries, but there was such a change and deterioration in the conduct and code of behaviour in many countries, and there were such complications from exchange difficulties and other restrictions, that it made the governments of the richer countries realize that the provision of capital for overseas development could no longer be left solely to private enterprise. Therefore, a number of public and quasi-public corporations were formed, amongst which was the Colonial Development Corporation, with which I was personally connected and about which I will tell you presently.

The biggest fund is the I.B.R.D.—the International Bank for Reconstruction and Development. That has $20,000,000,000 of capital resources provided by seventy countries, and the money from those seventy countries is all taxpayers' money. It is not the money of private investors. The I.B.R.D. is the outstanding example of this post-war development and has, as you all know, been a very great success. When the economic history of this age comes to be written, the formation and work of the I.B.R.D. will occupy a prominent place. It has been such a success largely because the founders had the good sense and the good fortune to choose that remarkable man, Mr. Eugene Black, as its Chairman. He is an outstanding personality.

Many other funds came into being, including the one to which I was attached, and they face a common and difficult problem.

One must accept the fact that that part of the private enterprise system which is the provision of capital by the individual investor for overseas investment, is no longer available, or at any rate, no longer adequate. Money provided by governments, which is really the money of the taxpayer, is the only other source. And when money is provided by government, I don't need to tell you there is necessarily some political, as opposed to business, control over it. I think I can say without offence to anyone that people who are best qualified to handle the business of government, either as politicians ar civil servants, are not so good at using and controlling capital in the development field. It requires what I call the private enterprise "know-how" to do that. The technique of making investments—which covers first examination of the proposition and shaping it up right, and then afterwards watching to see that all goes well—is one for which a private enterprise training is necessary.

So we reach the stage where money from political sources must somehow or other be placed at the disposal of people who have been trained and experienced in the field of private enterprise. And there, I think, is a problem that has not been satisfactorily solved up to the present.

The average businessman of the right calibre is not prepared to give up the pleasure and flexibility of private employment to serve and administer a fund that has political strings attached to it. The kind of man you want is usually already very happily employed in his own business, or with a private enterprise employer. And getting him to leave that and join one of these politically created organizations is not by any means easy, as I can tell you from personal experience. But despite the difficulty of finding the right people, I take it that none of us will for one moment disagree with the proposition that money without management can actually do more harm than good. It is the management that matters. Therefore, the real problem is finding the right people rather than finding the money.

How can this problem be solved? I cannot give you the answer because I don't know it myself. But, I can suggest one way in which it might be done.

And now with your permission, Mr. Chairman, I am going to spend a minute or two telling you what has been done in the Colonial Development Corporation since it came into being as a result of an Act of Parliament passed in 1948. At first, it had £100,000,000 of capital, but no management of its own at all. Somebody sitting in a back room somewhere said, "We must choose a Chairman and some Directors." He had a shot at assembling a body of people who, in the terms of clause 2 of the Act, should be persons appearing to the Minister to be qualified in "matters relating to primary production, industry or trade, finance, science, administration, organization of workers or welfare"; and I was one of them. We met the first day in the board room without any established or experienced organization at all and under great pressure to do something quickly. In such circumstances, you can imagine that some very grave mistakes were made as a result of trying to walk before we could creep, and in trying to arrange deals and investments with a wholly inadequate staff.

I would like, at this stage, to correct one misapprehension which I encounter all around the world. The Colonial Development Corporation is not the Corporation which made a mess of the Ground Nuts scheme. As the Chairman said, my own name is "Nut", but despite that fact, it was the Overseas Food Corporation, and not the C.D.C., which undertook the Ground Nut scheme in Tanganyika.

We did, however, make some very bad mistakes. Fortunately, none of them was particularly costly, the worst being a loss of about £800,000 in trying out the idea that chickens could be grown and eggs laid in the Gambia on the West Coast of Africa. That scheme never got off the ground at all.

But today the Colonial Development Corporation has financed some ninety projects in twenty-seven countries and is making an overall profit. I feel I can therefore claim that I have enough background knowledge to be able to speak with some accuracy as to what the experience of the C.D.C. has been.

Perhaps I should have mentioned earlier that the International Bank's money is used very largely for creating what I call basic assets; that is, such things as ports, harbour facilities, railways, electric energy, etc. The great Kariba Dam in Rhodesia may be given as an example. It is a condition of the Bank's loans that they are guaranteed by the government of the country concerned.

The other funds, of which the C.D.C. is one, devote their money for the most part to such matters as the growth of crops in various forms, the processing of those crops, mining, and to secondary industry generally, such as cement works.

One of the most interesting and thrilling developments financed by C.D.C. is a building society started in Singapore. Today it has been the means of providing thousands of dwellings for Chinese and Malayans who were hitherto shockingly badly housed.

As you can well imagine, the C.D.C. has had to devote a great deal of thought to this problem about management and how to recruit and retain it; and much has been achieved. The Directors of the C.D.C. are not themselves engaged in the day-to-day management. The Directors are at the mercy of the politicians, because it is within the power of the Minister concerned to remove the Directors from the Board and to appoint others. It lies with the Minister if he feels very cross one morning and thinks he doesn't like you, to write on a piece of paper, "Be off," and you are off. Whilst I don't want to say anything that decries the Ministers for whom I have worked—because they have always been very co-operative—nevertheless, we on the Board are at the mercy of the Minister.

Management, of course, will not stand that. No one will work for an organization if he is subject to getting his head cut off if he doesn't wear the right colour tie. To insulate the executive management from that risk, the Board of C.D.C. appointed a General Manager who cannot be hired and fired in that way. Then they built up under him a management team which could be given a sense of security in employment. The organization thus created is roughly as follows. In the Head Office in London there is a comparatively small number of men who are in charge of operations, either territorially or functionally. There is, for instance, a controller who is in charge of all mining investments because he is himself an experienced mining engineer. Then there are six regional organizations spread across the world: in Singapore, looking after the Far East; in Johannesburg, looking after the High Commission Territories, in Salisbury, looking after the Federation of Rhodesia and Nyasaland; in Nairobi, looking after East Africa; in Lagos, looking after the West African Territories; and in Barbados, looking after the Caribbean. This organization allows a great devolution of responsibility from the centre to the regions. And, if it is to be successful, it is all-important that it choose the right men to be regional controllers so far from home.

per cent. Put in this over-simplified form, it doesn't seem to be a sacrifice altogether too hard to make if, as a result, the maintenance of peace in the world is achieved and the greater happiness of thousands of millions is made possible.

In conclusion, I have attempted to put before you the arguments as I see them; the richer countries in the world should yield up part of their resources in order to raise the standard of living in the poorer countries because only

Experience has shown that insulating the organization from political interference in this way has been very successful. That is, I think, an important reason why C.D.C. is successful. C.D.C. is now doing well; it has shown increasing profits for the past five years, and I have every reason to believe that 1960 will show a further rise in profits. It is, in fact, one of the few public corporations in Britain which is able to break on the right side.

Well, there is one example of how the question of management is solved. As I go about the world, I find a good deal of evidence that the activities of the C.D.C. are appreciated and are contributing to the feeling in the British Colonial Empire that England is doing something to help its colonies.

Although this may be satisfactory, it does not solve the problem of where all the money is to come from. Money for this or any other enterprise is not unlimited. There is only one source from which it can come, and that is out of earnings that are saved and not spent on immediate consumption. Savings which might otherwise increase the standard of living in the sophisticated developed countries, must be diverted and channelled off into the underdeveloped countries. Is must be collected either through the machinery of taxation or directly invested in the traditional way, out of money saved by private individuals.

As an example, if 170,000,000 people in America, with $2,125 a year, would skim off the top $125 for this purpose, it would provide the 500,000,000 people in Pakistan and India with an extra $25 a year, raising their income by 60 through this medium can the hatreds and jealousies felt by the poor for the rich—the "have nots" for the "haves"—be ameliorated and finally wiped out.

I do not, of course, advocate a general levelling of income everywhere. That is idiotic and foolish. This adjustment must take time—it is a gradual process which must go on in a way which makes it obvious to the 2,500,000,000 people in the underdeveloped countries that all of us who are more fortunately placed are in fact conscious of our duty in this field and are doing something about it.

I believe it is frightfully important not only to do the right thing, but to be seen doing it. The mere provision of capital is not enough; it must be accompanied by human assistance in the useful deployment of that money.

General Burki, the acting President of Pakistan, said on Monday last that the countries of Asia and the Far East would prefer development under a free enterprise system rather than to a system of rigid state control. If, however, free enterprise failed, then they would find it hard to resist a system of regimentation.

I think that, in those words, the General summed up the thoughts which are in the minds of people at the receiving end. Such a policy demands a degree of sacrifice, of course, but what good does not mean a degree of sacrifice? I suggest to you that in all worthwhile human endeavour —whether in the field of religion, medicine, education, as well as that of business—the goal is the more worthy of attainment if hard work, patience, and the will to win, have to be displayed on the road towards reaching it.

THANKS OF THE MEETING were expressed by General Howard D. Graham.

Christmas Meeting

with

THE HART HOUSE GLEE CLUB

Thursday, December 15th, 1960

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: May I extend a hearty welcome to all members of the Empire Club, and to their ladies, and to their friends, who have gathered here today to help us celebrate our annual Christmas Party. This is not a day for speeches. The Christmas Season is a time for feasting—and we have now done that—and a time for friendship and cordiality. Whether we are adults or not, it is a time for child-like thinking. It was Charles Dickens—and what better name to associate with Christmas than his?—who wrote: "It is good to be children sometimes, and never better than at Christmas when its Mighty Founder was a child himself."

Christmas is a time also for music and for laughter. And so today, under the sponsorship of Joseph McCulley, Warden of Hart House, we are going to present to you the Hart House Glee Club. This club became officially known as the Hart House Glee Club in 1933, having grown out of a group known as "The Songsters", which had been formed many years earlier by the late Campbell McInnes. The first director of the Hart House Glee Club was Dr. Charles Peaker, followed by Mr. Ward McAdam. M. Rowland Pack, prominent Toronto musician, is currently directing the club for the third successive year.

The club has performed at various American universities and each year does a trans-Atlantic broadcast for the CBC at Christmas time. Members of the club include representatives from all Colleges and Faculties on the University of Toronto campus.

I am now going to invite Mr. Joseph McCulley to present to you the Hart House Glee Club.

MR. McCULLEY: Mr. President, distinguished guests, ladies and gentlemen, it is once again my privilege to introduce to you the Hart House Glee Club. This is a group of young men from the various colleges and faculties of the University of Toronto who come together regularly throughout the academic year because they love to sing.

The Club was directed for many years by Dr. Charles Peaker, subsequently by Mr. Ward McAdam, and the present Director is Mr. Rowland Pack. Over the years the Club has sung at innumerable campus affairs; it has travelled to various universities in the United States and sings regularly on a trans-Canada CBC broadcast during the Christmas season.

When I introduced the Club last year I quoted a comment on vocal music by the Elizabethn musician, William Byrd. At the risk of repetition, I quote again his final words:

> There is not any Music of Instruments whatsoever, comparable to that which is made of the voices of Men, where the voices are good, and the same well sorted and ordered.
>
> The better the voice is, the meeter it is to honour and serve God therewith; and the voice is chiefly to be employed to that end.
>
> —Omnis Spiritus laudet Dominum

Since singing is so good a thing
I wish all men would learn to sing.

Mr. President, ladies and gentlemen, I now introduce to you the Hart House Glee Club.

The Hart House Glee Club presented a programme of Christmas music.

On behalf of the members present. Mr. Stark thanked the Glee Club.

MR. STARK: Our first order of business at this traditional family party of The Empire Club of Canada is to pay tribute to our immediate Past President, Mr. Harold Lawson. With his innate modesty, his skill and deftness of touch, with his inimitable humour, he presided at our meetings last season in a most efficient as well as a most charming way. He provided us with brilliant speakers and highly successful meetings.

For his services as President of The Empire Club 1959-60, we present to Harold Lawson this parchment signed by our Honorary President, and bearing this inscription: "The Empire Club of Canada acknowledges with grateful thanks the services of Harold Lawson, Esq., as President during the year 1959-60."

Mr. Lawson, I have great pleasure in presenting to you this illuminated scroll with our thanks for your outstanding contribution to The Empire Club of Canada.

"SOME ASPECTS OF MY PROFESSION"

An Address by

THE HONOURABLE
MR. JUSTICE SAMUEL FREEDMAN
A Judge of the Court of Appeal, Manitoba

Thursday, January 5th, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: From Winnipeg to open the winter season of The Empire Club of Canada, we welcome today Mr. Justice Samuel Freedman, a Judge of the Court of Appeal of that Province and Chancellor of the University of Manitoba. Our guest has long been regarded as one of Canada's most outstanding speakers. He has maintained his reputation ever since 1930, when he was Captain of his University's Debating Team and had as his partner, Dr. Andrew Stewart, now Chairman of Canada's Board of Broadcast Governors. The two young students entered the Imperial Debates and defeated a British Team on the subject, "Democracy versus Dictatorship". A number of years ago, he was asked to address a group of lawyers in Minnesota. On that occasion he chose as his topic, "Uncommon Law". Shortly before entering the Hall, he was told that, subject to his consent, there might be a second speaker. He readily agreed. The co-star was none other than the famous Sally Rand and her subject, "Juvenile Delinquency". History does not record who won that debate.

Mr. Justice Freedman, who has only just passed his fiftieth birthday, has had one distinction after another in his career at the Bar and on the Bench. His was the first Jewish appointment to the Manitoba Bench and the second such appointment in Canada. Born in Russia fifty-one years ago, he was only three when his parents came to Winnipeg in 1911. He was one of a family of seven, almost all of whom have distinguished themselves in one field of endeavour after another. His brother, Max Freedman, is distinguished in the field of journalism and has addressed this Club on more than one occasion.

Our guest was an Honour Arts Graduate from the University of Manitoba in 1928, when he was twenty-one years of age. Three years later, he received his Law Degree. Not long after that, he was assigned to the lecturing staff of the Manitoba Law School and continued until his recent appointment as Chancellor, in June 1959. There is time to mention only a few of his accomplishments. He has been President of the Manitoba Bar Association. He won five scholarships at the University. He was a Lecturer in the Manitoba Law School for eighteen years. He has been President of the Y.M.H.A. of Winnipeg and Chairman of the Winnipeg Canadian Institute of International Affairs. He has been President of the Medico-Legal Society of Manitoba, and he has been Chairman of the Rhodes Scholarship Selection Committee for Manitoba since 1956. Just this year, he received an Honorary LL.D. Degree from Assumption University of Windsor.

It has always seemed to me that there is nothing more thrilling or more fascinating than to hear a leader in his profession speak of his fondness for and his experiences in that profession. It is now my great pleasure to present to you The Honourable Mr. Justice Samuel Freedman, whose subject will be, "Some Aspects of My Profession".

MR. FREEDMAN: Mr. Chairman, Mr. Speaker, My Lords Chief Justices, My Lords, Ladies, and Gentlemen:

Whatever disposition I might have to dissent from some of the delightful extravagances which the Chairman uttered concerning myself, I have no desire whatever to dissent from his gracious reference to my brother Max. I know that Max is well-known to the members of The Empire Club. Indeed, I rather suspect there must be many in this audience cherishing a silent hope that this were Max at the rostrum rather than Sam. To them I must say that they will miss many things today. They will miss his passionate eloquence, the wide range of his knowledge, the elevation and distinction of his opinions, and—not least of all—the grace of his diction, so reminiscent of Tennyson's tribute to Virgil:

> All the chosen coin of fancy, flashing out from many a golden phrase, . . .
>
> All the charm of all the Muses, often flowering in a lonely word.

Thinking of Max, I recall a family story—some of my Toronto friends know it—which occurred at the time I was appointed to the Court of Queen's Bench. I remember the sense of exaltation with which I telephoned my parents. Mother answered the phone, and I said, "Great News!"

She said, "What?"

I said, "Guess."

She said, "Max is married."

My theme today concerns my profession; and with some aspects of it, I propose to deal. May I say at the very outset that I am using the phrase "my profession" not in its narrower sense as denoting the judiciary, but in its broader sense as embracing the law. Of law, then, and of lawyers and judges, I will speak. I do so, conscious of the fact that I am taking you for a while into my field, but heartened by the fact that it is not mine alone but yours, too—for every man in society is concerned with the law.

Indeed, that concern has sometimes been expressed rather critically. You remember George Bernard Shaw's comment that, "The theory of legal procedure is that when two liars seek to expose each other, the truth will emerge." Long before that, of course, Shakespeare in *Henry VI* makes Dick say to Jack Cade, "The first thing we do, let's kill all the lawyers." You will forgive me if I suggest that there is something too final and irrevocable about that. Admittedly, the lawyer is not always a popular figure. I recall the statement of the lady who said, "Lawyers! Don't talk to me about lawyers. I have had so much trouble with my husband's estate that sometimes I wish he hadn't died."

Nor are judges immune from the general indictment. It has been said that the reason why one lawyer refers to another lawyer in Court as "My learned friend", is so that the judge will know they are not referring to him. Of a frontier judge on a day now happily past, it is related that he came into Court one morning and said, "Yesterday I received a letter in the mail from the plaintiff containing a cheque for $1,000. This morning I received a letter in the mail from the defendant containing a cheque for $1,500. I propose to return $500 to the defendant in order that I should be able to try this case on its merits."

Of course, everyone recalls the English judge of whom it was said, "He was often in error but never in doubt."

That recalls the comment about the three stages through which a judge goes in the course of his judicial career. During the first five years on the Bench, he delivers every judgment with a lurking suspicion in the back of his mind that he is wrong. During the second five years on the Bench, he delivers every judgment absolutely convinced that he is right. Thereafter, he delivers his judgments with a growing indifference as to whether he is right or wrong; and when the indifference becomes habitual he should retire.

The topic before me is a vast one; and I propose to do no more than refer to two or three phases of it. I speak, of course, as one who has a deep and abiding affection for law, who believes that the judicial process is at once the instrument and the safeguard of liberty, and who regards the rule of law as the basis of a free society. At the same time I am, I hope, alive to the imperfections of the law and to the fact that its custodians are—all of us—fallible men. If then, in the course of my remarks, I should refer to the law's shortcomings, I do so in the spirit of Mr. Justice Holmes who said that, "One may criticize even what one reveres."

Let me start by a reference to the field of criminal law. So far as the members of the public are concerned, it is the field which they find the most interesting. For in criminal law, there are elements of emotion, of suspense, of drama. Will you allow me to suggest, however, that the public sometimes has a curious misconception about criminal law and about those who engage in it. Some of the more sensational paper-back novels and some of the older Hollywood films have tended to create a spurious image of the average criminal lawyer. They have portrayed him as cunning, slick, tough, professing the philosophy of the prize ring, expressed in the language of the poolroom. He speaks out of the side of his mouth and punctuates every sentence with a spit. Let me say that the image is a fantastically false one. Rarely, if ever, will its prototype be found in real life. Criminal law can be practised, and is generally being practised, on a high, ethical and responsible level.

My regret is that in Canada too few lawyers will practise criminal law at all. Many legal offices refuse to handle criminal cases—except possibly a combines case or a criminal negligence action arising from an automobile accident. What is the result? The impression may be cultivated in the public mind that because leading civil counsel refuse to handle criminal matters, criminal law must be something less than wholly respectable, and those who engage in it must be something less than wholly reputable. Against that view I take my stand. No part of a lawyer's function is greater than to safeguard individual freedom. Never is he engaged in a nobler task than when he exerts his talents in the cause of the liberty, and indeed the very life, of the subject. The tradition in England in quite different. There leading civil counsel can be engaged in murder cases most sordid and unsavoury in character—without the slightest impairment to their reputation. Indeed, they may even be knighted therefor.

May I refer to one or two of the basic principles of a criminal trial. Surely primacy must go to the "golden rule" of criminal law—the presumption of innocence. When the accused steps into the dock, he does so under the protection of that presumption. He does not have to prove his innocence, or demonstrate it, or establish it. The onus of proof does not rest upon the accused. It rests upon the Crown from the beginning to the end of the case.

What I have referred to is a great common law rule. But I would be giving an incomplete picture if I did not call attention to the fact that from time to time, statutory inroads have been made upon that presumption. That is to say, by statute the onus of proof of certain matters has been placed upon the accused. Justification for this departure from a basic principle enshrined by honourable tradition has been sought on various grounds. One ground is that proof of a particular type of defence may be relatively easy for an accused, whereas proof of guilt on that point might be exceedingly difficult for the Crown. I am prepared to admit that there are instances in which the departure may well be defended on that ground. The danger, however, is that in the interests of expediency and departmental convenience, a basic human right may more and more be diluted and impaired.

I would have liked to address myself to this theme in somewhat greater detail. But it happens that in my Province, a committee of the legislature has been considering this precise question of the onus sections in statutes relating to so-called provincial offences. I understand that its report will soon be submitted, and it may well be the occasion of political debate. Hence, it would be inappropriate for me to say more than I have already said. So you will not have the benefit of my extended views on this theme. I am sure that's a disappointment which, if you cannot accept with equanimity, you will at least try to bear with fortitude.

I will now touch upon certain principles relating to evidence in criminal matters. Here we come face to face with the fact that law is often an accommodation or a compromise between contending principles. Why, for example, do we say that a wife's evidence (with certain exceptions) should not be used against her husband? Is it because the Courts do not seek the truth? By no means. It is eminently desirable that the Court should have before it all the available evidence. That is one principle. But there are other principles as well, one of which is assuredly the sanctity of the marriage relationship. There is something shocking to our moral sense that a wife be required to testify against her husband. So the law says, rather than this should happen, it's better to close the case without all the available evidence being put on the record. As someone said, we place a ceiling price on truth. It is glorious to possess, but not at an unlimited cost.

Take the matter of a confession by an accused person. Its admissibility is conditioned by certain requirements and protected by certain safeguards. These have their origin in two things—the one, the possibility of an abuse of police power; the other, the privilege of every person against self-incrimination. In this country, the third degree is, I trust, unknown. A confession obtained thereby would be instantly rejected by the Court. But it is well to remind ourselves that in the development of English law, even this victory was not easily won. For until Felton's case in 1628, torture was accepted as a legitimate method of extracting confessions. Felton had murdered the Duke of Buckingham. Who had incited him? To procure the answer to this question, the Council brought Felton before them. Dr. Laud, Bishop of London, said that if he would not confess, he would have to go to the rack. Felton thereupon replied that,

> If it must be so he could not tell whom he might nominate in the extremity of torture, and if what he should say then must go for truth, he could not tell which of their Lordships he might name, for torture might draw unexpected things from him.

This reply somewhat disturbed the Council, and they sought the advice of the judges. The judges were unanimous that Felton ought not to be tortured by the rack, "for no such punishment is known or allowed by our law."

Today, a statement made by an accused person to the police, will not be admitted against him unless the Crown establishes that such statement was voluntary—that is to say, that it was not induced either by fear of prejudice or hope of advantage. Nor is the Court blind to the fact that pressure need not be physical. It recognizes that coercion may be psychological. An atmosphere of pressure and coercion may in some cases be enough to cause the rejection of a statement.

A feature of criminal trials—and indeed of civil cases as well—is that they are held in open Court. It is amazing how often lawyers will be asked whether a certain trial will be open to the public. With very limited exceptions, all trials are open to the public. Publicity is the authentic hallmark of judicial procedure.

Back in the '30's in Alberta, a divorce case brought by a Minister of the Crown against his wife, was heard by the Judge in the Judge's library during the lunch hour. No member of the public was present. Indeed, access to the Judge's library could be had only through a door off the main corridor, and on this door was the word "Private". The attack on the divorce decree granted in that case went all the way to the Privy Council, which took the view that here was a denial of the fundamental principle of trial in open Court. The Judge had placed himself where the public could not find him, and if they did find him, they would be deterred from entering by reason of the word "Private" on the door. The Privy Council said that a divorce decree so obtained was voidable and could be set aside.

Growing out of the requirement of trial in open Court, is the right of the press and other agencies of public communication to have access to the Courts and to report its proceedings fairly and accurately. An independent judiciary and a free press are both indispensable to a free society. But, as has been said, they do not always pull in the same direction. Hence, certain restrictions on the press arise.

If, for example, a newspaper comment on a pending case may tend to influence a jury or is calculated to prejudice the fair hearing of a trial, contempt may arise. I think I can say that Courts exercise with reserve and caution their right to punish for contempts of this kind, except in flagrant cases. Nor is every comment to be regarded as objectionable. Lord Atkin said: "Justice is not a cloistered virtue; she must be allowed to suffer the scrutiny and respectful, though outspoken, comments of ordinary men."

One type of comment is now expressly forbidden. In 1959, our Criminal Code was amended to forbid the publication, by broadcast or in a newspaper, of any confession tendered in evidence at a preliminary enquiry. You will understand, I know, that the admissibility of such a confession has to be determined later by the trial Judge. Only if he rules it to be voluntary will he allow the jury to hear it. But what if the confession has already been published in the press in connection with the report of the preliminary enquiry? Is there not a real danger that one or more jurymen may have read it, and having read it be influenced thereby? It was to guard against that kind of mischief that the 1959 amendment was introduced, and although newspaper men may possibly regret the restraint this places on their activities, I for one applaud the amendment. It is in keeping with the best traditions of criminal jurisprudence.

I feel that I should add that trial by newspaper—a phenomenon not unknown elsewhere—is not a feature of the Canadian judicial scene. In their relations with the Courts, our media of public information tend to discharge their function with fairness and with a sense of responsibility.

I move on to a different aspect of my profession. It concerns the relationship of Courts to administrative tribunals—such as Labour Boards, Workmen's Compensation Boards, Milk Control Boards, and the like. I do not have to remind you that these tribunals from time to time make decisions which affect the rights of individuals and of groups. On matters of administration or of policy, the tribunal is sovereign. But whenever it exercises a quasi-judicial function, it must act judicially—that is to say, it must hear both sides fairly; it must adhere to the principles of natural justice; and it must keep strictly within the confines of its statutory jurisdiction. If there is a failure to observe these requirements, the decision of the Board may be quashed by the Court, which in such circumstances exercises a power of supervision and review. I am aware that judicial intervention is often resented by Boards and tribunals. I am aware, too, of the charge that sometimes Courts have intervened when there were no substantial or proper grounds for intervention; and I am prepared to concede that isolated instances of such cases may be found. But surely, on balance, the case for some form of judicial review, as a check upon power usurped or power abused, is unassailable. The rule of law under an impartial and independent judiciary is still the badge of a free people.

In these days when the executive area of government is so large, the Courts have a vital role to play in protecting the individual against the abuse of administrative discretion. I think in this connection of the great dissenting judgment of Lord Atkin in the case of Liversidge vs. Anderson. That was a wartime case in England. Under the English Defence Regulations, the Secretary of State, if he had reasonable cause to believe that a person was of hostile associations, could order him to be detained. This was in May, 1940. We remember that period, and some of the panic reactions that occurred at that time. Liversidge was so detained, and by reason of his detention, he brought action against Sir John Anderson, the Secretary of State. The issue before the Court was simply this: was it enough for the Secretary of State to *say* that he had reasonable grounds to believe? Or did reasonable grounds in fact have to exist? Was a subjective test sufficient, or did objective facts have to be present to warrant the belief? The majority of the Court said that the subjective test was enough, and that if the Secretary of State said he had reasonable grounds, that ended the matter and the Court could not intervene.

Hear now Lord Atkin:

> It has always been one of the pillars of freedom, one of the principles of liberty for which on recent authority we are now fighting, that the Judges are no respecters of persons and stand between the subject and any attempted encroachment on his liberty by the executive, alert to see that any coercive act is justified in law. In this case I have listened to arguments which might have been addressed acceptably to the Court of King's Bench in the time of Charles I.

That was a dissenting judgment. It has been said that the dissenter, knowing that the present cause is lost, speaks to the future. I am glad to say that in 1950 the Privy Council, dealing with a statute which used the phrase, "Where the controller has reasonable grounds to believe", applied Lord Atkin's objective test and said that reasonable grounds must, in fact, exist to limit the exercise of an otherwise arbitrary power. So, at least in peacetime, the sovereignty of the Courts over an arbitrary executive was asserted.

Allow me to say that in the field of human rights and civil liberty, the recent record of our Supreme Court of Canada stands out in shining splendour. I don't know if it is altogether realized that in the last decade or so, there have been a succession of significant decisions in these fields. Curiously enough, some of these relate to the Jehovah's Witnesses. You know, it's an easy thing to grant the traditional personal freedoms to those who think as the majority do. The test of a nation is to be found in its attitude toward the dissenter, toward those whose views—political, religious or economic—challenge the accepted ways of thought. That's why Saumur vs. the City of Quebec, with its emphasis on religious freedom, is so important. That's why Switzman vs. Eibling which declared the Quebec Padlock Law to be unconstitutional, is a landmark. That's why Roncarelli vs. Duplessis must not be forgotten. Let's pause on that for a moment. Roncarelli goes bail for Jehovah's Witnesses. The then Premier of Quebec directs the Liquor Commission to cancel his tavern license. Roncarelli sues, and the Supreme Court of Canada says the Premier must be held accountable for this abuse of power.

Long years ago in 1612, to King James I, who was asserting the divine right of kings, Chief Justice Coke said that "The King ought not to be under any man, but the king was under God and the law." Kings and premiers—and all who sit in the seats of the mighty are indeed under the law. Whenever the despot, be he king claiming divine right or state asserting arbitrary powers, makes attack on liberty, it is the judicial process which stands forth as the shield and the safeguard of the freedom of the individual. In a free society, the courtroom, no less than Parliament itself, remains the citadel and the sanctuary of our democratic faith.

I must bring my remarks to a close. This has been a testament of faith by one who has a reverence for his profession, who esteems the role that can be played by Bench and Bar.

"Four things," said Socrates, "belong to a Judge: to hear courteously, to answer wisely, to consider soberly, and to decide impartially." No ideal can be higher for any man who occupies judicial office.

Nor do I underestimate the role of the lawyer and the function of advocacy. There is a belief that every judge, from the moment he is appointed to the Bench, moves steadily to the conviction that the practice of law has greatly deteriorated from the time when he practised at the Bar. That is not a point of view that I share. Whenever I think of advocacy at its best, I am reminded of an ancient legend concerning a stern, just king who was known for the rigidity and impartiality with which he administered the law of the land. One day this king's son became technically guilty of an offence for which the punishment was death—death by having a huge rock thrown upon one's head. Everyone wondered whether the king would apply the law in this case, particularly because the son's offence was entirely technical in its nature. As the day of execution approached, the king's soul was torn with anguish, and he came to one of his wise councellors and placed the problem before him. Thereupon the wise man said to the king, "Grind the rock into dust of finest powder and let it fall gently upon his head."

Sometimes when one is in Court, a case is presented in such a dull, heavy, ponderous manner, that the effect indeed is like the rock descending upon the head. What a delight it is then to hear the advocate who says only what should be said, who omits what should not be said, and who without sacrificing any of the solid substance of his case, presents it so that it is received in that welcome and agreeable way which is the mark of the great men of my profession.

If any young man should ask me whether I would recommend law as a profession, I would tell him that if he sought rewards of great wealth, the law was not its best source; that if he expected an easy life, unmarked by study and toil, the law was not for him; that if he expected complete mastery of his field, it could not be accomplished in law for there, perhaps more than anywhere else, what one knows is always so measurably less than what needs to be known, performance lags behind aspiration, and man's portion is the road and not the goal. But to travel that road, on which great men of a great profession have travelled before him —Mansfield and Story and Jessel, Marshall and Holmes and Cardozo, Erskine and Marshall Hall and Clarence Darrow—can be a stimulation, an enrichment, and a high and satisfying adventure.

THANKS OF THE MEETING were expressed by Mr. H. Allan Leal, Q.C.

“CONSTRUCTION AND THE CANADIAN ECONOMY”

An Address by

JACK M. SOULES
President, Canadian Construction Association
President, Soules Construction Limited

Thursday, January 12th, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: Construction has now become Canada’s largest industry. It is known that the 1960 volume will exceed $7,000,000,000. In addition to the tremendous extent of this industry in Canada, Canadian contractors have become known all around the world by reason of their activities under the Colombo Plan.

Our guest today is this year’s President of the Canadian Construction Association, Mr. Jack M. Soules. Our guest was born in Oshawa in 1917 and was educated in the Toronto Public Schools, then at Ridley College, St. Catharines, and later at the School of Practical Science, University of Toronto. He gained his experience in the construction field in his father’s business—Soules Construction Limited—of which he became President in 1950. He is also President of Bay-Grosvenor Limited, of Harry Janes Limited, and of High Park Properties Limited. He is Chairman of the Board and Director of many other companies. He is a Past-President of the Toronto Builders’ Exchange, whose members are meeting with us today.

Mr. Soules has an extremely wide knowledge of industrial conditions and of construction development; and, indeed, he has been described as “the spokesman for construction” in Canada. On several occasions, he has attended conferences in Geneva, Switzerland, as an employer advisor to the Canadian Delegation to the International Labour Organization.

Mr. Soules makes his home in Port Credit, where he has found time to interest himself in community work, including chairmanship of the local School Board. His hobbies are golfing and yachting. When he is not indulging in these activities and when he is not travelling in Canada or abroad on construction business, he may be found at home with his wife, his one son, and his two daughters.

It is my pleasure to now present to you Mr. Jack M. Soules, who will address us on the subject, "Construction and the Canadian Economy".

MR. SOULES: Of prime concern to every Canadian to-day is the economic outlook and the consideration of the various factors contributing to present conditions and those necessary to effect desirable improvements.

It is my intention in the next twenty or so minutes to outline for you the size and the condition of the construction industry in Canada, its effect on the general economy now and in the future, and the parallels that can be drawn with other industries. Those of you who stay to the end will qualify as "sidewalk superintendants emeritus" and may pick up your diplomas from your local Canadian Construction Association representative in your own community.

There are 1,300 member firms in this national association, with fifty-three affiliates representing some 7,000 companies in total. The membership includes all facets of the industry, including general contractors, heavy construction firms, road builders, trade contractors, manufacturers, suppliers, and professional and allied services. Our affiliates, in the main, are provincial and municipal associations, such as locally, the Ontario General Contractors Association, the Ontario Road Builders Association, and the Toronto Builders' Exchange, to name only three of the twenty-six in Ontario alone.

These people and their associates administer and execute the $7,000,000,000 of current annual volume which makes this Canada's largest industry by a very substantial margin. Should I at this point show a modicum of pride as the national representative of my industry, it is because we have been called upon in the post-war period to perform virtual miracles of expansion. To reach that volume of $2,600,000,000, we accomplished an average annual increase of 11 per cent until we reached a peak in 1958 of $7,100,000,000. During this time, percentage-wise, the construction industry rose from representing 13 per cent of the gross national product to over 21 per cent, so that today one in every five dollars spent on fixed assets, is a construction dollar. This is a potent influence on the general economy.

We did, indeed, perform this expansion miracle all too well, for, during the past two years when the volume of work available levelled off at the $7,000,000,000 level, the impetus of our expansion carried on so that today the industry is capable of, and has a capacity for, a substantially larger volume than is available. As a result of this competitive situation, our industry has a record number of failures, and even in the peak year of 1957, taxation statistics indicate that nearly 32 per cent of construction proprietors had no taxable income. Here a parallel may be drawn with most other industries in Canada, though possibly to a lesser degree: the rapid post-war expansion of capacity, the levelling off of demand, and consequent unemployment.

Why did this happen? Why has business generally levelled off in this country when many countries of the world, particularly in Europe and the Far East, are building new records of business and employment. Some of the experts call it cyclical, others say it is structural, and there are those who attribute it to being a combination of the two. I am not prepared to argue the point, particularly since I am not too sure that I understand the real meaning of the terms, "cyclical" and "structural".

If I were to attempt to describe them in words and situations familiar to my own industry, I would say that if a properly designed high-level suspension bridge vibrated and swayed when a force 7 wind was blowing and settled down when the wind died, that could be considered cyclical and should not concern or alarm us. However, should the bridge start to vibrate under a force 7 wind and continue to do so when the wind decreased or changed direction, we should suspect a structural deficiency, and this could be a cause for alarm, demanding prompt remedial action and strengthening of the structure.

The business structure in Canada today is vibrating under a force 7 pressure which has been caused, in my opinion, by complacency and neglect on the part of Canadian businessmen in the face of increased competition from abroad.

The complacency, born of a period of post-war expansion when our own domestic demands were so high that we had all the business we needed to produce worthwhile profits—with not too much concern for prices, wage levels, and even in some cases, quality. The neglect, born of the complacency, was that of salesmanship and cost and quality control essential to the development of broader markets.

Canada, unlike our neighbour to the south, is essentially an export economy. We do not have the huge population to absorb our production as does the United States, which consumes 95 per cent of its own products. A spiral of cost increases is not nearly so serious in a consumer economy where wages increase accordingly. But even today in the United States, concern is being shown for export markets. In Canada, where we are dependant on exporting 20 per cent of our production, we are much more susceptible, of course, to cost increases within our own business structure, and competition from abroad. It is therefore imperative that Canadian businessmen today, with the essential help of labour, take prompt remedial action before the force 7 pressure weakens our structure dangerously.

What can we do? It will be many years before our population increase will permit us to become a consumer nation. All that remains for us, then, is to increase our exports.

I would like to tell you what *is* being done to expand our construction markets, and you may draw your own parallels for other industries.

An upsurge of interest in off-shore contracts has been shown by Canadian firms in recent years. Not so long ago, only a few large firms could truthfully be classified as national in their operations. This no longer applies, as many firms, medium-sized as well as large, operate from coast to coast, wherever job opportunities exist. Many others are active in more than two provinces. This is a far cry from the days when a firm only bid jobs in its own city and the surrounding area. Trade contractors have followed the lead of the general contractors. An Ottawa electrical firm bids now in Nova Scotia and in Manitoba; a Montreal roofing firm, in Newfoundland; and so on. As Canadian firms have expanded their operations in this country, they now are looking abroad for an even larger market.

We now possess an inventory of skills and knowledge built up over the years that is exerting pressure for its effective use. Building abroad can widen the markets for our services while at the same time utilizing our capacities to a fuller extent.

The Colombo Plan has been responsible to date for the largest part of the work done by Canadian contractors overseas. In Pakistan, Canadians have built the Khulna Newsprint Plant, a power station near Lahore, the Maple Leaf Cement Plant at Daud Khel, and the massive Warsak Dam and Power Station in the Khyber Pass. This last project will increase Pakistan's food production by nearly 60,000 tons annually by irrigation of 100,000 acres of farmland. In India, the joint Canada-India atomic reactor near Bombay and a power station at Madras, built by Canadians, will make an important contribution to Indian progress. In Ceylon, transmission lines are now being completed by Canadians. Throughout the West Indian Federation, Canadian contractors are busy on work for private owners, particularly in Jamaica and Trinidad, as well as in the Bahamas and Bermuda. The reaction of many companies which were or are involved in these projects is, "Why weren't we here ten years ago?" The efficiency of the work of this advance guard has created a fine impression of Canadian skills and abilities, which can only help other Canadian firms who bid for contracts in these countries. Construction activities in other nations have been limited, although Venezuela and the Dominican Republic have used Canadian firms for certain projects.

There is a great demand for construction in the world markets, waiting for those who will go out and explore them. Truly there are great possibilities in this fast-changing world for the industry which I represent. Many areas are striving to improve the standard of living of their peoples. Independence has come to many new nations in Asia and Africa, and the majority of these states can be termed "under-developed". On those two continents and in Latin America, the West Indies, and the Middle East, nations are planning or actively engaging in developing their basic resources. They all share the great need, the strong desire, and the determination to secure both primary and secondary industries for their respective lands. The needs of these economically undeveloped countries are being met to some extent through vast international and bi-lateral programmes. Some of these are managed by the United Nations and the World Bank, others through the Colombo Plan, and—it should be remembered—through its Russian equivalent.

Canada's relationships with its sister nations of the Commonwealth are warm and friendly, and we possess an entrée with them not enjoyed by states outside this unique organization. In Africa, Ghana and Nigeria are pro-Canadian, but want to know more about us. In Asia, Ceylon, India, Pakistan, and Malaya accord a warm welcome to our people; and in the West Indies, Canadians feel very much at home. However, contracts will not be won by friendship alone. We must compete. The Canadian contractor cannot rely entirely on letter contact but must go to these countries, present himself personally, and make himself and his company known. He has to sell himself and his product. This is true in Commonwealth and foreign countries, for he is in competition with salesmen from all over the world. Canadian firms are beginning to be conscious of the co-operative or group approach in the export effort, and we can learn much from the established co-operative organizations in Europe. As salesmen, Canadians are woefully inadequate, but are learning and are learning rapidly. The results could be exciting. At the present time, Canadians have been invited to bid on the large earth-fill Mangla Dam in India—the estimated cost of which is $220,000,000. This is part of a proposed $1,000,000,000 expenditure for power and flood control on the Indus River

System, involving Pakistan as well as India. Not only the Dam itself, but this whole damn project could be built by Canadians.

One important market, and a natural one, which has been neglected and almost let go by default, is that of the Islands of the West Indian Federation. Our closest Commonwealth partner has historic trading and cultural links with Canada. Although we speak the same language and share many things in common, we have not cultivated and expanded this market as we could and should have. These beautiful islands require assistance to provide the accommodation for their booming tourist trade. Each island needs industrialization to round out its economy and can offer tariff preferences, tax incentives, well-established Canadian banking services, and low labour rates. These together with the welcoming hand of the kindly, friendly people that many Canadian tourists have met, make this a most attractive market for any Canadian endeavour. However, their needs will be met by others if we do not take advantage of the opportunities which are offered at the invitation of their governments. Increased efforts and salesmanship in the Federation, British Guiana, and British Honduras, could bring about the same situation now existing in Bermuda and the Bahamas, where Canadian firms do the largest part of the local volumes of construction.

A market that cannot be overlooked lies to the south in our friendly neighbour, the United States of America. There is the world's largest market, and it is significant that Canada is closest to it. Our balance of trade is favourable with every country except the United States. There are two ways to overcome this. Canada must either sell more, or buy less. As buying less would lower the Canadian standard of living, this approach is unacceptable to most. I would like, therefore, to discuss how we can sell more. There are two ways to up sales to the U.S. One is to go out and "give it all you've got". This has been termed the "hard sell", aptly named, I believe, for it is not easy by any means. Unfortunately, Canadians have been too complacent. In the post-war period, hard selling was not necessary. There was enough work to go around. No one tried too hard.

But things are different today. Competition and an excess capacity require markets abroad and good salesmanship to secure them. The second way is to lower the trade barriers between the U.S. and Canada. Suppose there were no such barriers. Would Canadians suffer, or would this open a vast market to Canadian manufacturers and industry? If this market did open up, certainly Canadians could compete in it. Our companies are just as capable as their foreign counterparts. If there is anything Canadians lack, it is capital in the quantities that the Americans have it. The Canadian is more conservative and, thus, is not prepared to readily put out risk capital.

The question also could be posed: "Would lowering of trade barriers affect Canadian sovereignty?" Since Canada was founded, it has always had substantial foreign investment. It could not have reached its present state of development without French capital during the French régime or British capital in the British régime—nor without British and American investments since we achieved our independence. The U.S. itself was built by foreign capital—mainly British. It will be interesting to see, if in the future when private Canadian investments are aiding the economic development of other nations, they will be considered a menace to local sovereignty.

However, while these questions are being seriously considered today by many Canadians, to date no satisfactory answers have been arrived at, no agreement has been reached. At this time, then, we must cross our southern border and sell like we have never sold before.

A valuable asset to those of us with eyes on foreign markets, is the Department of Trade and Commerce at Ottawa. Through its news service, available to any interested firm, we can learn of a wide range of foreign projects. A recent list gave details on tenders for a new international airport in Iraq; a lengthy railroad in Australia; and for large bridges in Turkey and Egypt. The increasing number of invitations to bid received by Canadians is, I believe, proof of increasing respect abroad for Canadian contractors. In addition to this news service, Trade and Commerce will give assistance on customs and tax regulations in foreign countries. The Canadian Trade Commissioners on the spot will give help on wage scales, union regulations, and countless other subjects.

Financing, of course, is extremely important. The financing of a large part of the volume of work for which Canadians are free to bid in competition with the rest of the world, is handled by the World Bank, although some comes from the International Finance Corporation. The funds largely come from Western countries, including Canada. Management by the World Bank assures Canadian contractors of fair bidding practices and prompt payment in Canadian currency. Financing is not a problem with these projects, nor with those included in the Colombo Plan. It is in the private field that Canadian firms experience financing difficulties. Here they need better credit facilities. The lack of long-term finance has deterred many Canadian contractors from taking on foreign projects. This lack will have to be met by the Federal Government, either directly or by influence. Some assistance is given by the Export Credits Insurance Corporation, which insures a bank for the money it loans to contractors for overseas work. This Crown corporation was not set up for the construction industry, however, and, as a result, its help is not comprehensive enough. Our industry needs larger insurance coverage, longer terms, and cheaper rates. The prime need is for the Federal Government to tell the Trade and Commerce or Export Credits Insurance Corporation exactly what is available in the way of financing to the construction industry. A step in the right direction would be for the Government to give adequate insurance for one foreign project to each of a number of Canadian-owned construction firms. This should encourage them to continue working abroad.

I think it would be fair to say that many of the problems the industry faces in Canada are also present abroad. Although some of these problems are intensified, others are lessened.

Ordinary construction materials are often in short supply locally—quite often it is timber and cement that present problems. Steel has to be imported, and local types of bricks sometimes produce difficulties. Materials have to be bought on the world market. There must be answers found to questions such as: "Do the British have cheaper turbines than the Americans?" "How much is German steel, delivered, vs. Canadian steel?" Extensive and international purchasing information is necessary.

Living conditions for workers and staff in a new country do pose problems. Climatic and dietary changes have to be taken into consideration. Local food supplies are sometimes inadequate, and so, up to one-half of the diet of Canadian personnel may have to be imported. This is not a new problem for Canadian contractors, for those who have built in the far North and in Labrador, know that *all* the food has to be brought in. In some countries, air conditioning is an absolute necessity for Canadians to work there. But, again, in the far North, heat is essential and no less difficult to maintain.

It is surprising, but in many of the under-developed countries, labour is not necessarily cheaper than in Canada. More people are required on the job to operate machines, at least, until the local labour force is adequately trained. Many technicians, foremen, and, sometimes, tradesmen, are brought from Canada. A distressing discovery in some countries is the under-nourishment of the people. They are unable to do a standard Canadian day's work even though they try their best. Many are physically smaller than the North American, although this may be a poor comparison considering our present outcry about poor productivity in Canada. (This doesn't mean that Canadians are under-nourished because they are not as productive as their American cousins.) There are other problems that come up, such as wide-spread pilfering, which requires the hiring of armed guards. However, no Canadian firm leaves its job-sites or construction yards without a night watchman, and still pilfering goes on in Canada. This could be offered up as more evidence that the peoples of the world are in truth "brothers under the skin".

While admittedly there are problems, no contractor worth his salt is put off by them. An integral part of construction work is meeting problems, tackling them, and solving them. We have been doing it for generations, and it is all part of the fascination and excitement of our industry. Construction men are risk-takers who love a challenge—a fact clearly shown by our record. Canadian contractors and designers rank with the world's finest, for we have built successfully in spite of our climate and topography, which are among the toughest on earth. We built a railway across Canada back in 1885 to unify the British colonies on this continent when there were only some 4,000,000 Canadians. We built in 40° below zero weather, and in 110°F. We build in the Arctic and in the banana belt of the Niagara Peninsula. We have built projects like Kitimat and the St. Lawrence Seaway, and we will build more like them in the future. I have every confidence that we can overcome problems encountered in other lands.

The main purpose of the Canadian construction man abroad, as at home, is to build efficiently and economically, and on time. He is a professional man doing his job. In another country, however, the Canadian, whatever his occupation, has another great responsibility. He is in effect an ambassador from Canada, and whether he desires this position or not, he has it. The Canadian serviceman overseas during the last war created respect for Canada. We should be proud and want to maintain this in the eyes and minds of non-Canadians. For example, the people of northwestern Pakistan may never have the opportunity to know Canadians and their families as they had during the erection of the Warsak Dam. Their impressions of Canada must stem largely from what they saw, learned, and felt about the Canadians who were on that particular project. Canadian prestige can rise or fall as a direct result of the attitudes and activities of our people abroad. That Canada, for example, is no longer to be considered an English or a French country, is shown by all-Canadian construction crews abroad whose names testify to not only French and British origin, but to Scandinavian, Mediterranean, and Central European origins as well.

Each Canadian should consider local customs, and endeavour not to offend local religious or political beliefs. A Canadian company in a Moslem land might well consider working on Sundays and not working on Fridays—a holy day. These things are important because Canadian prestige is high in the world. No nation nurses a violent hatred for us nor bears an ancient grudge. We are a country that has never subjugated another people nor sought an empire, and people are aware that Canada itself was once a colony. We are desirable, politically and for our skills. We want to keep it that way. Today national prestige cannot be created and maintained by diplomats and missionaries alone. This responsibility rests on every citizen. In today's world, I believe we all realize there are important issues at stake which surpass profits and use of industrial capacity.

Gentlemen, in summary, if the need for salesmanship can be met, and the problems of financing solved, then I believe we can look to a great expansion in foreign operations by Canadian construction firms. Their efforts could well help to bring about better understanding between the races of mankind as well as a higher standard of living for much of the world's population.

This, then, is what the construction industry of Canada is doing abroad and what it could do. This potential can only be realized through the construction industry, and all Canadian industries increasing their exports.

To close, I should like to quote the Honourable George H. Hees, Canada's dynamic Minister of Trade and Commerce, who said earlier this week, "In Canada, some are convinced that the world owes us a living and that people will pay more for Canadian goods because we are a fine people. People will only buy our goods if they are either of better quality at the same price or of equal quality at a lower price."

Management and labour must co-operate in producing better designs, better quality and lower costs.

THANKS OF THE MEETING were expressed by Mr. J. A. Rhind.

"CHALLENGE TO GERMANY—1961"

An Address by

DR. JOACHIM JAENICKE

Thursday, January 19th, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: I know you would think me very remiss indeed if I did not depart from precedent and present to you at the very outset of our meeting a very distinguished visitor, indeed, who has joined us at the head table. That distinguished visitor, none other than Earl Alexander of Tunis, would be welcome in any Canadian audience as he was such a great General, and because he was our beloved Governor-General for many years. But he is especially welcome here because, as you know, for fifteen years, from 1946 until last year, Lord Alexander was our Honorary President.

It is a tremendous pleasure and a great thrill to present him to you and he has kindly consented to say just a word or two at this time.

FIELD MARSHALL THE RIGHT HONOURABLE EARL ALEXANDER OF TUNIS: Mr. President, Your Worship, Gentlemen: It has been nice to be back here again in Toronto and I have enjoyed myself immensely. It is most kind of your President to give me this invitation, as I am only here for one night.

I did not know I should have the pleasure of even saying a few words to you, so I feel a little bit like the young curate —begging Your Excellency's pardon—who was translated from one parish to another. When he arrived at the new parish on the Sunday morning he found that the vicar was ill and that he would have to preach the sermon, which he hadn't had time to prepare.

So, mounting the pulpit he said, "Dearly beloved Brethren, in the unfortunate absence of the Vicar it falls to my lot to preach the sermon today, which I have not had time to prepare, so the best I can do is to repeat the words which God puts into my mouth. But I can promise you next Sunday I will have something much more worthy of your attention."

Well, now, Gentlemen, I am not going to say any more because I know you are all busy people and you are very much interested to hear what Dr. Jaenicke has to tell us, so I will sit down, but not before I have expressed my appreciation for the kind invitation which has brought me here this afternoon and for the pleasure, not only of coming back to Toronto, but seeing so many old friends among the audience here.

MR. STARK: Thank you very much, Sir.

Today we are honoured in the visit to us from Ottawa of Mr. Joachim Jaenicke, Counsellor to the Embassy of the Federal Republic of Germany. All of us have been astounded and amazed at the growth and recovery of West Germany in the past few years. It has been described to us as a modern Utopia, without unemployment and with abounding prosperity. And yet it also is a land facing problems, national and international, of its own.

Our guest today is a man who believes that "the Germany of today is not the Germany of yesterday". He is one who has experienced life under a modern totalitarian dictatorship, as well as in later happier days; and he is one who is conscious of the obligations which the facts of history impose upon the German people.

Mr. Jaenicke was born in 1915 in Breslau, Germany. In his education, he specialized in International Law, Modern History, and Economics at the University of Geneva and, later, in Haverford College, Haverford, Pennsylvania, and, later still, in Massachusetts. Then for five years he taught modern languages and history at Westtown School, Westtown, Pennsylvania. Following that, was Assistant Professor of History and German at Earlham College, Richmond, Indiana for two years. In 1948 he returned to Germany. He rendered valuable services in connection with the Marshall Plan, and in July of 1950, he entered the newly-created German Foreign Service. He then was appointed Vice-Consul for the German Consulate General at New York and later served at the German Embassy in Washington. In 1955 he returned to Bonn, where he was spokesman and chief of the Press Office of the German Foreign Office. In December of 1959, he was appointed as Counsellor to the German Embassy at Ottawa.

It is with great pleasure that I now present Mr. Joachim Jaenicke, who will speak to us on the topic, "Challenge to Germany—1961".

MR. JAENICKE: Mr. Chairman, My Lord, Your Worship, Distinguished Guests and Members of The Empire Club: I thank you for having granted me the privilege to address you here today and I thank you, Mr. Chairman, for your gracious words of welcome.

Mr. Chairman, I do not know what the feeling is at The Empire Club toward the diplomatic profession. I understand there are certain circles quite critical of it! Those of us who practise diplomacy with so much tact and finesse find this critical attitude, of course, somewhat surprising! We stand before such an attitude with a sort of sad resignation, resignation at such lack of comprehension, such ingratitude.

Of course, Mr. Chairman, I must admit that the more sensitive members of our profession sometimes are assailed by doubts! You know—big international crises, a war here and there—this unfortunately lends some support to a feeling on our part of insufficiency, maybe even failure! In fact, we don't always know what to do, and that is why, according to our instructions, we always think twice before we say nothing!

But about one thing we are quite certain. Whatever we do, we must not get into trouble! I bring this up, Mr. Chairman, because I am in trouble. I draw your attention to the fact that I am billed wrongly, billed as a "Doctor". Mr. Chairman, I appear under false pretences! I do not wish to give even the appearance of false pretences! I know your Canadian authorities will probably be very understanding and magnanimous—diplomatic immunity, and all that! But think of my own authorities! German thoroughness, an investigation, worse: immediate recall. "Schrecklich"!

Therefore, Mr. Chairman, I should like to go on record publicly now, although I am German and wear glasses, I do not have a Doctorate!

Mr. Chairman, "Challenge to Germany—1961" is my topic. Essentially, the challenge to Germany is the same challenge as that to the entire free world. It is the twin challenge to Freedom and to Peace. The problem for all of us is how to maintain, how to protect, and how to strengthen Freedom and Peace, Peace and Freedom.

Let us look for a second at the world situation today. It is dominated by the East-West struggle, by the Cold War, by the conflict between the free world on the one hand, the unfree world on the other; by our world aspiring toward democracy and ever greater freedom. On the other—a world where quite different values prevail. The situation is dominated by the conflict between the world where faults can be corrected—maybe that is the essence of Democracy—and, on the other side, the world where the system is perfect, the rulers always right.

Incidentally, it would be a grave mistake to consider this struggle with any sort of complacency just because we believe that our values are superior. This may well be. In fact, we think they are superior—we have chosen them.

But, Ladies and Gentlemen, the road of history is strewn with the wrecks of superior civilizations which succumbed to the onslaught of societies with decidedly inferior values! Higher values in themselves are no guarantee. They are nothing, they cannot win without being backed up by conviction and a willingness to sacrifice.

It would be closing our eyes, I believe, to reality, not to see that the free world is on the defensive. The free world has been losing ground to the virulent Communist expansion going on ever since 1945. Look at Asia: suffice it to mention Red China. Look at Africa: the struggle is intense . . . the outcome hanging in the balance. Look at Europe—grievous losses between 1945 and 1948. Old and proud nations of Eastern Europe disappeared in the world behind the Iron Curtain, a world about whose sufferings free men have little idea, and, I feel, something even worse, give little thought to.

The great Russian peoples themselves continue to pay the price of freedom and other human values we prize, for their all too rapid advance from a development country, as we would say today, to a military and industrial giant.

In Europe, however, since 1949, since the foundation of the North Atlantic Treaty Organization, the free world held its ground.

And now, where does Germany fit into this picture?

First of all, which Germany? The Germany of pre-war days was destroyed—a destruction brought on by its own criminal leadership, although I should like to interject here that it took a dictatorship to lead Germany into ruin. It took a dictator who first, in a way, conquered his own nation, subjugated his own people, before he could lead it astray, and to the end you all know.

Today, Germany is partitioned. If you will recall for a moment the map of Europe, the easternmost part of Germany was handed over to the Communist Government of Poland, the so-called Oder-Neisse Territories—one quarter of Germany and ancient German land.

The central part of Germany today is occupied by Soviet troops, the central part of Germany which the world press persists in calling East Germany. I say the Central part of Germany is today the area of the greatest military concentration anywhere in the world—Soviet military concentration. In the midst of that area, the City of Berlin with, roughly speaking, four million people, but the city itself again divided into a Soviet sector and the British, French and American sectors, known as West Berlin or the free part of Berlin—two and a half million people on an island of freedom—two and a half million people who do their share in holding this bastion of the free world, holding open the gateway to freedom for all those who want to flee, not only from Communist-dominated Germany, but from all Communist-dominated Eastern Europe. Last year alone two hundred thousand Germans from Central Germany fled through Berlin. To give you a figure of comparison, I believe last year's immigration to this vast land of Canada stands at eighty-five thousand.

The Eastern part gone, the Central part of Germany occupied by Soviet troops, what about the Western part? The former United States, United Kingdom and French zones of occupation today form the Federal Republic, the free part of Germany, the Germany to whose Embassy in Ottawa I belong.

What of the Germans who live in the Federal Republic? What have the Germans done with their freedom? They were defeated just as much as all the other Germans in 1945, but they had the good fortune of finding themselves in the areas occupied by the United States, by Great Britain and by France, and these three Western Allies have successively, step by step, given back to the Germans their freedom.

They did even more. The Western Allies helped the Germans get on their feet by immense financial contributions.

If I may interject one statistic, Germany received a billion and a half dollars in Marshal Plan aid that triggered her economic recovery.

But they also received aid which we particularly appreciated, aid by the millions from private individuals. I mention the CARE organization. They even received aid in considerable amounts from the United Kingdom at a time when Britain herself was still suffering severely from the wounds of the war that had just been ended.

With the aid as a starter and with the moral and political support, and with their own will to rebuild a shattered homeland, the Germans went to work. They rebuilt Germany physically. They rebuilt it to the level which you know, which you have heard about, which you have even wondered about.

How was this possible? Well, I think I could summarize it by mentioning three words. It was possible because we had Freedom, Foreign Aid and the Will to Work.

I always remember one little incident which occurred a few years ago, when a friend of mine who was an economist at an English university, came to visit me in Bonn and we walked across the market square of the City of Bonn which in one bombing raid in the latter part of the war had been laid flat. He stopped, looked around, saw all the new buildings, the rebuilt cathedral, the department store and so on. He put his hand on my arm and said, "Twenty-five per cent of investment—an investment rate of twenty-five per cent and no dictatorship! It is fantastic!"

He was referring to the voluntary effort that the German people made, the voluntary renunciation of consumption which they put into investments, into the rebuilding of their country.

But what was even more important than the physical rebuilding was—the moral and political rebuilding.

The Germans used their freedom to build anew and to rebuild Democracy in Germany.

I use the word "rebuild" advisedly, because a public contention to the contrary notwithstanding, there is and there always has been since the Middle Ages a democratic tradition in Germany. It resided with us in our municipalities, in our cities. Of course, it was not the modern type of democracy, but it corresponded to the type and the degree of democracy which existed in other European municipalities at that time and which, if you study English history, you realize always went in gradual steps from a narrower type to an ever widening, more popular type of democracy.

We also have in Germany the great tradition of the revolution of 1848. In my family, for instance, this matters tremendously. My great-grandfather at that time was condemned to death for a speech he made in which he reminded the Prussian King that he had promised a Constitution way back in 1818!

Confidentially, he was pardoned later on. Otherwise, I might not be here.

We have had our first democratic experiment in 1918 which lasted to 1933, and foundered on the rocks of the world economic crisis under the onslaught of an unusual, demoniac demagogue.

But the Germans also after the Second World War tried to apply the lessons of the Third Reich, of the dictatorship, and they wrote them into the Constitution and created a new democratic government. As you all know, it has been our good fortune to have one of the most stable democratic governments in Europe.

Thirdly, we also applied the lessons by adopting a new foreign policy. One of the key conceptions of that foreign policy, whose architect very largely is the Chancellor of

Germany, Dr. Adenauer, is that the day of inter-European rivalry must be gone. This principle must be a thing of the past. The legitimate aims of all our European nations, the day-to-day goals each government legitimately has, must be pursued and reached, not against each other but on a new European level. The conflict of interest must be solved on the higher plane of the common European approach and the common European effort.

Now, these are not only, as you might suspect, fine sounding phrases; they can be backed up by facts. I recall to you the reconciliation between the French and the German peoples. I recall to you the effort toward European integration. I recall to you that Germany not only was very active in the movement toward European unification and integration, but also has been received as a member of the great Western defensive alliance, NATO.

It has been our aim to have good relations with all peoples of the world, and the Federal Republic maintains diplomatic relations with eighty-two nations of the world.

As for the fruits of the European policy which I have tried to define, may I say a word about the greatest achievement to date, the creation of the Common Market. It was a Canadian author who in a series of articles recently pointed up, even to my own surprise, what he called the "fantastic success" of the Common Market in raising the standard of living, in raising production in Europe. I am referring to the series of articles by Bruce Hutchison.

I also know that the Common Market, which we regret, causes some apprehension in Canada. It is understandable because, at least we feel, it is the fear of the unknown. May I say one reassuring word. In 1959 Canada's trade with the six members of the Common Market was twenty million dollars in favour of Canada. In 1960, for the months of January to November, the Canadian exports to the Common Market rose by forty-one per cent.

There is also some concern about a fact that the Common Market could not get together with the rest of the European economic community, and that there was a split between the Common Market, between the Six and the Seven.

Another word on this point. Germany, whose trade with the Seven, with the non-Common Market, is very large and most significant, has always pursued and still does pursue today, two aims—to support and press for a most liberal trade policy on the part of the Common Market, and secondly, to explore all possibilities, to promote all efforts toward an understanding between the Six and the Seven, trying by all means to avoid a trade split in Europe.

And now a word as to the challenges before Germany in 1961. I have already said that the challenge before my country is essentially that before the free world, but of course the challenges take a special form, a particular form for each country and I should like to mention a few.

If I could formulate my topic, "Challenge to Germany," in a more exact, should I say, in a more precise manner, with a little bit of German thoroughness, I would say, "Challenges to Germany in 1961 and what we are trying to do about them."

It is obvious that one challenge will be Berlin. It will remain a challenge during the coming months and so will the problem of reunification.

I see from the papers that Mr. Khrushchev has again threatened to conclude a separate peace treaty between the Soviet Union and the Soviet-occupied part of Germany. Nobody can keep the Soviet Union from concluding a treaty with itself, but I don't think it will have a very great effect when you have concluded a treaty with yourself.

As for Berlin, it is interesting to note that at the active stage of the Berlin crisis, the Communists said that Berlin was an anomaly, an "intolerable cancer". Today that intolerable situation has, by fiat of the Soviet Government, been made curiously tolerable. It seems to be a cancer of quite a unique kind, namely, a cancer which can be turned off and on at will, like a water faucet!

The freedom of Berlin does not, to us in Germany, appear as an anomaly. In fact, we tend to believe that it is quite normal that the Berliners should be in Berlin and that they should live there in freedom and prosperity.

Perhaps there is something after all in the idea expressed the other day by a United States Senator who said he thought it seemed anomalous to him that the Soviets were in Berlin, that they still occupied so much of European territory outside the Soviet Union.

No, the ups and downs of the Berlin situation prove one thing: that the Berlin question is an integral part of the East-West conflict. And so is the question of German reunification.

Both are not German questions in the narrow sense of the word . . . they are not questions that can be dealt with by the Germans themselves alone. However, they are both questions to which the Germans must, can, and will make a contribution.

What is that contribution? It is steadfastness against threats and, I would say, deafness and blindness toward blandishments. Since 1945 the German people could have had, I think, reunification if they had been willing to pay the price of freedom. But particularly our brothers and sisters in the Soviet-occupied part of Germany would never have wanted us to pay this price.

I say, our contribution to those two German questions is steadfastness against threats, steadfastness toward blandishments, and, Gentlemen, patience! We will show the patience of one who knows that what he wants is both reasonable and equitable. We will, if necessary, wait a very long time to reach the goal of unity and freedom.

We have great examples, great models in the history of the world, of peoples who had to wait centuries to attain their national unity, their national home and their liberty. We shall wait, if fate so requires of us, as long as the Polish people, as long as the Greek people, as long as the Jewish people!

Now, in Germany the challenge to freedom which I have mentioned earlier is intimately, and I would say this is peculiar to the German situation, intimately connected with our immediate past.

Freedom will always be challenged. It is challenged in the most experienced democracies today, and it is of course challenged in our own country, in my own country.

I have said that this challenge to freedom is particularly connected with our immediate past. In other words, one of the great problems which we face today and tomorrow is: the confrontation of the German people with the immediate past. That is the great debate going on in Germany—the problem of digesting, of overcoming the past, the immediate, dark past.

It is only natural that the German people should not be terribly enthusiastic or, let us say, more enthusiastic than other peoples, to contemplate their faults and crimes. Of course, there is a tendency to sweep things under the rug. Only if you do, after a while, you start stumbling around.

There is a great deal of criticism in Germany of this tendency.

So the question I would briefly like to mention is what do the German people do, what do the authorities in Germany do, to confront this dark chapter in our past?

First of all, let me mention the press. The press has absolute freedom and it uses it gladly and fully for the most comprehensive reporting on anything that comes to light on the history of the Nazis. Every day in Germany you can find in the German papers documentation, memoirs, reports, tables, and last but not least, very detailed reports on the trials of Nazi criminals.

There is the book market where a veritable avalanche of books of revelations, memoirs, analyses, has appeared. It is perhaps significant that the little book, "The Diary of Ann Frank," has been the greatest best seller in post-war Germany. Nearly a million copies of that little book have been sold. The book has been made into a play. More than 1,500 performances have been given of that play, and it is estimated that more than two million Germans have seen this play. That, of course, is a completely voluntary action and event.

Radio and television play a great part in bringing the events of the past to the attention of the German people. You must remember that the Germans themselves see and learn about these things very often for the first time because secrecy is one of the great ingredients of the totalitarian state.

We have today running in Germany a series of fourteen one-hour telecasts which will bring complete documentation of the history of the Hitler régime.

As for the government, the authorities have created a special Central Office which is collecting and co-ordinating all the data concerning Nazi criminal acts. We will have more than seven hundred cases which are at present being prepared—seven hundred trials in the next few months.

The courts carry on a relentless prosecution of Nazi crimes and criminals, as they come to light. This is a very important fact, because the German trials are reported fully in the papers. There are no punches pulled, and the German people read these reports in their daily papers and they accept them. They accept them as they do accept the findings of the normal German courts.

The government also helped further, helped financially, an organization whose task it is to publish a full documentation on the events of the Hitler period, and also to carry on a vast programme of adult education in the field of Civics.

There is one other great effort which the German people are making in connection with that past. It is the effort at restitution and indemnification for the victims of the Nazi régime. The Germans decided, as soon as they began reestablishing the government, on a massive programme of restitution and indemnification to make amends in so far as that is possible at all, for the misdeeds done and the suffering caused by Germans in the name of the whole nation.

Let me quote today a foreigner on this effort. I think it is particularly appropriate to quote him, because he was an Executive Trial Counsel at the Nuremberg trials. He is today a member of the United States Senate. He said this in a speech made to the United States Senate on March 15, 1960:

> As Executive Trial Counsel at the major Nuremberg trials I had spread before me in nightmarish detail the whole incredible story of Nazi barbarism and of the fiendish persecution of the Jewish people.

And here is what Senator Dodds said about the effort of today's Germany to make amends. In his speech he continues:

> The attitude of the German Government on the question of restitution provides the most concrete evidence of its determination to extirpate the evil vestiges of the past and somehow atone for the terrible crimes that were committed in the name of the German people. When they are

> completed Germany's payments of restitution and reparations to Jewish victims of Nazism and to the State of Israel will total almost six billion dollars.
>
> Dr. Nahum Goldmann, President of the World Jewish Congress has declared that Israel has received more money from Germany than from all the Jews in the world put together.
>
> Germany's commitment to pay restitution was entirely voluntary. This in itself is remarkable. Indeed, I believe it is unique in history, but Germany's restitution programme is remarkable in many other ways. It is remarkable because the commitment was made not in the time of general prosperity but in the year 1951 when the government was still attempting to cope with the gigantic problems of reconstruction and the equally gigantic problem of the nine million refugees and expellees from the Soviet Zone. It is remarkable for a generosity that refused to be limited by an already generous initial commitment. As Dr. Goldmann pointed out, Germany's restitution payments will amount to two or three times as much as the figure German and Jewish experts had originally agreed upon.
>
> It is remarkable because this onerous voluntary burden was assumed by unanimous vote of the Bundestag (the German Parliament) with the complete support of the German President, with the backing of a clear majority of the German people and in defiance of a threatened Arab boycott of Germany.

Senator Dodd was concentrating on the restitution, the indemnification to the Jewish victims, but we have also passed a series of laws which deal with the indemnification and restitution of the many other victims of Nazism. This series of laws which I will briefly summarize, entitles the victims to claim for compensation of damage inflicted on life, body, health and freedom, on property, and for damage suffered in professional and economic opportunity.

Now, let me give you an example. If a young official, a man who was young in 1933 and happened to be of Jewish origin was forced to flee Germany in 1933, he not only has a claim to his back pay, but a claim to the pay according to the promotion he would have had, had reason to expect, had he stayed in Germany. If a man was, for instance, an official of a Jewish community, of the synagogue, he is treated like a German official. He has the same claim to the back pay and the increases of pay he might have had, had he stayed on.

So far 1.4 million individual claims have been processed and settled and 2.7 million applications have been filed. But, Gentlemen, there is no ceiling on this programme. As applicatons come in, they are examined, decided upon, and payments will go on until all claims are satisfied.

The status of all the restitution and indemnification programmes today, all programmes taken together, is:

We have paid to the Government of Israel, five hundred million dollars.

We have paid under the Indemnification Laws for all victims of Nazism, two billion dollars.

And in the series of other programmes, one-half billion dollars.

It is expected that the Federal Republic of Germany will pay another 2.7 billion dollars.

May I remind you that these figures have to be multiplied by four to get to the "D-Mark" figure, the currency unit of Germany, and of course they are even larger there.

This restitution and indemnification are one of the challenges we plan to meet in the coming months and years.

I would like to mention one other challenge in which Germany means to participate. It is the challenge presented to the free world by the undeveloped countries. We mean to make our contribution there also. Germany was late in starting that programme because, as you know, she was physically destroyed. She had to absorb, until 1951, about nine million refugees. In the meantime, the figure has grown to twelve and a half million, roughly speaking. So it was that only in 1956 our own programme of development aid began to roll.

In one form or another, between 1956 and 1959, Germany has given development aid to the amount of about three billion dollars.

Now, the Government has launched on a new programme by harnessing the support of industry, the budget, and also of the German provinces. All told, the new programme envisages more than three-quarter billion dollars in the next year, in the following months, eight hundred and fifty-seven million dollars, to be exact.

In conclusion, Mr. Chairman and Gentlemen, these are some of the challenges which we have confronted, which we will continue to confront and to meet in the year 1961 and later on.

What is the spirit in which Germany and its leaders approach the time before us? This spirit is best expressed in the New Year's Address delivered at the beginning of this month by the German President, when he said, "May all of us succeed in developing the virtues of patience and willingness to sacrifice, of steadfastness and moderation."

Thank you.

THANKS OF THE MEETING were expressed by Mr. J. R. W. Wilby.

"INTERNATIONAL BRIDGE OF FREEDOM"

An Address by

GEORGE ROMNEY
President, American Motors Corporation, Detroit

Thursday, January 26th, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: Today the Canadian Club and The Empire Club meet together to do honour to a great American industrialist, Mr. George Romney. In the brief space of six years, Mr. Romney has accomplished much for the company of which he is President, American Motors Corporation. On this very afternoon, he will officially open the firm's new Canadian plant which has been constructed at Brampton, and we congratulate him on this latest achievement. While his company is not yet a member of the so-called "Big Three" in the automobile industry, at the rate he moves, this may still happen.

Our guest was born in Mexico, of American parentage, fifty-three years ago. He attended Latter-Day Saints University, University of Utah, and George Washington University. In 1930 he commenced his business career with the Aluminum Company of America, and he represented that company in Washington for eight years. But the automobile industry held attractions, and our guest entered it in 1939 by becoming, first, Detroit Manager and, then, General Manager of the Automobile Manufacturers Association. In addition to that position, in 1941 he helped organize and became Managing Director of the Automotive Council for War Production. He helped create the Automotive Committee for Air Defence just before the United States entered World War II.

Like many of our own leading industrialists, he has always participated vigorously in community affairs, interesting himself in community needs and in public education. Long active in religious affairs, Mr. Romney is President of the Detroit Stake of the Church of Jesus Christ of Latter-Day Saints.

When American Motors Corporation was formed in 1954 through a merger of Nash-Kelvinator Corporation and Hudson Motor Car Company, Mr. Romney became Executive Vice-President and a member of the Board of Directors. Then on October 12, 1954, he was elected to the post of President, which he now holds.

I now present to you this "big man" with the penchant for "small cars", Mr. George Romney, who will speak to us on the topic, "International Bridge of Freedom".

MR. ROMNEY: I am very conscious of the fact that you Canadians are currently going through a searching reappraisal of your economic and foreign policies. As one Canadian correspondent has put it, "Canada is locked in a vital and complicated debate on the whole problem of American economic penetration and its ultimate effect on Canadian sovereignty."

Nevertheless, I venture to speak plainly today because I believe your debate has world significance. To do so, I need to give you some personal background and review some of the common background of our two countries.

On the personal side, I was only a small boy when my family and our entire American community was dispossessed and thrown out of Mexico by Pancho Villa. As a youth, in Utah, I felt the resentment of the people of the West against Eastern industrial interests who seemed to have no further interest in the state than removing its natural resources. As a young man, I spent two years in the British Isles on a mission for my church, living with the common people of Scottish coal fields and textile mills. I served as U.S. employers' delegate at three meetings of the

International Labor Organization in the U.S. and abroad, participated in by representatives of employers, unions, and governments around the world. For more than ten years, I have enjoyed a summer home in Canada.

These experiences and others have perhaps given me an above-average American sensitivity to the need of our awareness of the aspirations of other peoples as well as an awareness of the rights and powers of their governments.

In addition, would it be reasonable for me to assume that some of you are probably aware that I haven't always agreed with my bigger competitors? For one thing, I have some unorthodox views of the responsibilities of an "organization man". I think citizenship comes first and takes precedence over obligations to business, industry or other private organizations.

In the main, our two countries have a common heritage. We are both the beneficiaries of religious freedom having been established before our nations were founded. Primarily through the British Commonwealth, we have basically similar political convictions, philosophies, and institutions. Recent events have made me particularly conscious of the historic world-wide political contribution made by our common parent.

As a part of this common family, we matured somewhat ahead of you. As a result of facing different circumstances, we took different means of asserting our maturity and independence. The subsequent recognition by the British government and people of the determination of peoples and nations to govern themselves and resist political domination resulted in voluntary withdrawal of British power and control. In this process, one of the great services rendered mankind in recent decades has been the enlightened policy followed by the British Empire in preparing other people for self-government and voluntarily granting it.

As a consequence, your country, along with others, has a deeper attachment to the home country and the Commonwealth than if you had suffered on the battlefield.

I am personally convinced that sooner or later, just as separate nations and peoples will resist foreign political domination, they will also resist foreign economic domination or even what they consider excessive influence.

Fashioning methods of preparing, developing, awakening and helping nations achieve economic freedom is one of the greatest challenges that we jointly face. However, our own common heritage of economic freedom has probably prepared us better than any other nation to devise the means by which this can be done.

Both of us are experiencing economic recession and agricultural constipation. We are confronted by some common problems. Occasionally, the world has experienced changes of tidal wave proportions. We are both in such a period. We are confronted by adversaries who seek the destruction of our way of life and freely boast that our grandchildren will live under Communism. As a result, we have established joint hemispheric defences.

The awakening and developing nations of the world have been aroused by our successes to what has been termed a "revolution of expectations". Max Ways in his book, *Beyond Survival*, says: "All of Asia and Africa thinks it is on a march which will make the winning of the West look like a dream of quiet waters. If our only signal is 'You, too, can be rich and powerful', we had better douse our light because the world already believes *that* message rather more thoroughly than the facts warrant."

I believe Khrushchev means it when he says that he expects to bury us through economic competition, and in winning, through economic assistance and development, the uncommitted nations of the world. I think it is logical to conclude that in their strategy, economic subversion is second only to the use of their resources for military preparation.

Despite the fact that our nations differ in their resources and talents and despite our tendency in the past to take you for granted, and treat you as a kid brother, Canada has come of age.

I was pleased to read these words of your Canadian columnist, Bruce Hutchison. Referring to the United States, he described it as Canada's "most powerful ally and closest friend".

This was less than two weeks ago, and I sincerely want to believe he is one of your ablest and most objective reporters. Certainly Americans consider Canada their closest kin and ally.

In the bleak days of 1940, Sir Winston Churchill expressed this thought: "If the present sits in judgment of the past, the future is lost." Individually and as countries, we cannot live in the past, we can only live in the present and future. We cannot change the past. From such opportunity as I have had to read the views of responsible Canadians, their participation in your great debate is not for the purpose of criticizing the past but rather for the purpose of shaping the future. I have the same objective. Believing the future can be improved does not represent failure to appreciate the past.

I believe most Canadians would agree that, generally speaking, American investment in Canada has speeded your economic development, increased your national and individual wealth, enlarged your exports, magnified your national and international importance, and expanded your opportunity for future growth and world-wide contribution.

I am not personally acquainted with the complete history of American investment in Canada, but I am sufficiently familiar with the history of the U.S. automotive investments in Canada to very briefly remind you of their origin, magnitude, and benefits. The first American car company investment in Canada was in 1904. Two other companies entered in 1911 and 1918. The industry grew steadily and reached a peak in 1956, when 35,000 Canadians were employed in Canadian motor vehicle plants and their wages totalled around $150,000,000. In addition, there were approximately 21,000 employees of Canadian companies producing automotive parts. Canadian car dealers employed more than 65,000 people in selling and servicing cars and trucks. Petroleum and rubber products employed another 36,000. When you add the thousands employed by service stations, garages, commercial truck operators, used car dealers, tire shops, and accessory stores, the Canadian Automobile Chamber of Commerce concludes that one out of every seven jobs in Canada is the result of automotive transportation.

Since the peak in 1956, production has been held down by European imports, and this plus your present economic slowdown, accounts for the appointment of the Royal Commission to study ways and means of increasing automotive employment in Canada.

As we take part in the debate that will shape the thinking, policies, and relationships of the future, I think most will eventually decide that the economic strength and security of both the United States and Canada will depend on enlarging international trade and keeping our domestic economies growing and strong. Neither of us can afford to forget that there is no real weakness except from within. For example, the increase in motor vehicle imports into the United States was not stemmed by a reversion to some form of economic nationalism, but rather by the internal development of a more desirable product—the compact car. That's done the job for the time being.

In the growing world-wide economic competition, we will find the Communist nations tough, integrated competitors who seek, through any means, to win the friendship, dependence, alliance, and ultimate domination of the developing and awakening nations.

This becomes a particularly important aspect of our common outlook when we analyze the attitude of many of these nations. Christopher Dawson in his book, *The Movement of World Revolution*, says:

> All these new powers are animated by hostility to the magnitude of western governmental leadership and influence and an intense desire to assert their national independence. But at the same time they are not opposed to the new cosmopolitan civilization which is the fruit of the western expansion. It is rather that they wish to be active partners in it and to appropriate their full share in the material benefits that it has brought.

What we do as citizens, as business organizations, and what our governments do, must conform, in my opinion, with this attitude and determination on the part of such nations.

Separately and jointly, we have the best means in the world of helping these nations achieve their objectives. The advanced private economic development in our own countries has created hundreds of industrial organizations capable of enlarging their economic activity on a world basis that will not jeopardize the political independence of nations. However, I believe it will be necessary for governments and private organizations to develop new patterns of foreign economic investment and relationship.

I say this as the result of our experience as an international corporation and one that has used many of the conventional forms of international economic organization. As a result of recent developments, including the discussions ocurring in your country, we have been restudying and re-evaluating the patterns of international economic organization and operation. We are convinced that the world picture and our common problems make the current debate over the economic relationship between our two countries vital and urgent.

If other nations get the impression that United States economic activity in Canada has jeopardized your economic welfare, it will intensify our common world problems. For that reason, it seems to me that the future economic relationship between our two governments should have a very high priority on the must-list of our new President and your Prime Minister. It is also a reason why private organizations should thoroughly re-appraise their own international policies and relationships and search out and test new and better answers.

I am hopeful that between us we can develop patterns for use in many other countries, particularly those in North and South America, as well as Africa and Asia.

How we can expect any other nations of the world to establish economic patterns for their relationships, both governmental and private, superior to those that we can develop between our two countries?

Undoubtedly, one reason for the debate in your country is that the factors affecting international economic investment and trade have changed rapidly. The circumstances are quite different from what they were sixty years ago, twenty years ago, five years ago, or even two months ago. Recent changes, and the realization on my own part of the importance of avoiding a revival of economic nationalism, intensifying foreign resentment and expropriation or other general retaliatory measures, and fostering international trade have changed my own thinking.

As I have already pointed out, American Motors is an international corporation, and it is our hope to make it a bigger and more important one. However, we do not want to be the kind currently being proposed in a few American circles. These are those in American industry who are convinced that to be a significant industrial enterprise in the future, a company must become not only an international company but an international company that treats the world market "exactly as the (American Company) does the United States market today, i.e., to evolve a system of production and distribution based squarely on where supplies can best be obtained and customers best served with as little regard to national boundaries as political realities of time and place will permit."

Those with this viewpoint also assert that "the firm that starts sidestepping national boundaries (to the greatest extent possible) today, is the one that will wind up at the top of the heap. . . . An immediate problem is that of equity ownership of overseas manufacturing facilities. The administrative and operational flexibility necessary to a purchasing, production and distribution system that ignores national boundaries, demands complete centralization of control ownership. Local stockholders of local subsidiaries, even when they have only a minority interest, can seriously impair management's freedom to effect the most economical and profitable arrangements."

Some U.S. international organizations are apparently organizing themselves on this basis. In the case of several significant industries, the bulk of production for the U.S. market—because of the steady wage-cost-price spiral and other factors—has moved from the U.S. to foreign locations.

At a press conference in New York on December 15, I said this was the policy of our two major competitors. For the nation's sake, I am happy to tell you today that I was mistaken. Because of my deep personal concern about the consequences of this approach, I was pleased at their reaction to my assertions, even though their personal reactions were not exactly pleasant and not entirely unjustified.

I spoke out bluntly to halt an incipient trend—to keep the best horse in the stable of U.S. industry from getting out of the barn. One company stated flatly that they resented such an assertion and declared plainly that they will not sidestep their responsibilities in the United States. The other company, to the best of my present knowledge, though considering elements of such a programme, has not taken a final position.

As the head of American Motors, I want to avoid any policy or approach of the above character. I believe, personally, that it is bound to stimulate adverse national and international reactions, and if applied broadly as indicated, without restraint, it will jeopardize U.S. relations with many nations around the world.

As a citizen, I have reached some basic conclusions that I hope will become American Motors policy. I put it that way because circumstances have prevented the completion of our Board of Directors' consideration of the emerging policy questions involved in an enlarged and rapidly changing international programme.

However, I am inclined to believe that the opinions I express will have a little more influence with the Board of American Motors than those of the average American!

Let me express those personal convictions as they relate to the opening and dedication of our new Canadian Rambler production facilities. These facilities represent the capacity for just a little more than the minimum volume necessary for the production efficiencies and costs that will enable us to meet the Canadian demand for Canadian-built Ramblers, with the maximum practical Canadian content.

It is our confident expectation that Rambler sales in Canada will grow and that we will need to make considerable expansion of these facilities in the years ahead.

Now it has been necessary for us to supply all the capital for this resumption of Rambler production in Canada, despite the fact that I would have preferred to share the undertaking with Canadian owners. Because of this desire, we consulted some of the most reputable and competent banking and financial institutions in Canada, with the purpose of offering equity participation to Canadian investors. Without exception, these Canadian financial institutions advised that this was not the proper point at which to invite Canadian investment.

In essence, they said: "It is impractical to seek Canadian investment at the outset when volume is low because no equitable standard of earnings or investment has been established for this business."

Consequently, we have undertaken the financing on our own. We should, in this first year's production of Ramblers, release $15,000,000 into the Canadian economy, while operating at an expected loss.

We are doing this because of our confidence in the future of the automotive market in Canada, and in the fact that the increasing wisdom of Canadian car buyers will lead to greater Rambler sales.

It is my desire to carry out future expansion of our operations by bringing Canadian owners into full and equal partnership and participation, and to operate under Canadian management, control, and direction. The latter we are already doing.

As I have already indicated, I think that the whole area that we are considering here today, and the operation of modern international firms in whatever form, is so new that better ways are certain to be discovered as we grow in experience and understanding. In our effort to find a better way, we have developed the concept that we describe as an international economic bridge.

One new approach we feel merits thorough study would involve international company-to-company arrangements, with the elimination of tariffs and barriers. This arrangement would permit companies to set up an international manufacturing bridge, with tariff-free exchange of production between the foreign and domestic companies, limited exactly to equal production values flowing in each direction. Outside of that interchange, they would be subject to the usual tariffs and other restrictions.

Under this system, each country would be encouraged to produce not only the product or component which it is best able to produce, but also to develop the basic and natural skills of manufacturing, rather than depending exclusively and disadvantageously on the elemental art of assembly alone. The least important thing you can do in developing industrial skill is to assemble an automobile. That is the thing every country seems to want to do. That is the thing that requires the most volume to do efficiently. Yet the important skills are in making materials and components.

We think this approach would develop local industry basically and practically, rather than artificially. Because it would be self-controlled by the mutual character of the flow between companies, it would build equally on either side of a border—in Canada and elsewhere, but particularly in the developing nations around the world. It would extend to the consumer in each country the advantages of aggregate volume we have been able to build up in our countries. It would achieve balanced and basically sound economic growth and well-being. It would enable people in the developing countries to buy products that depend for low cost on high volume on the basis of adequate volume. They would not be penalized by dependence on their own initially low-volume market potential.

In any event, it is my conviction that we need to take a fresh look at our attitudes toward world trade. An approach based on excessive nationalism or short-range economic objectives would be not only self-defeating, but positively harmful, and would prevent the development of international economic relationships that could prove a pattern for the free world in its coming struggle with a highly-integrated communist economic structure.

A fundamental advantage of our economic freedom is the absence of insurmountable barriers to the devising, testing, and adopting of new and better ways. Furthermore, the incentive of competition acts as a constant generator of economic progress.

For these and other even more basic reasons, we are bound to ultimately prevail in the world-wide struggle for survival—despite what we may have to go through in the meantime.

Whether some like it or not, the destinies of our nations are intertwined.

We have a common heritage. We share a common impatience with weaknesses, a common spirit of independence—and an uncommon opportunity for world service. It would be a pity to waste our strength in the humdrum arena of the age-old differences inherent in human nature, and in excessive nationalism and partial, relatively new, and far from adequate international economic methods and organizations, when there is so much of importance for both of us to achieve.

Our situation is much like that Churchill described in 1940:

> The British Empire and the United States will have to be mixed up together in some of their affairs for mutual and general advantage. For my own part, looking out upon the future, I do not view the process with any misgivings. I could not stop it if I wished; no one can stop it. Like the Mississippi, it just keeps rolling along. Let it roll. Let it roll on full flood, inexorably, inrresistible, benign, to broader lands and better days.

I welcome your current debate. I think we should join it where our mutual interests are at stake because only out of our joint knowledge and experience can we find the positive answers to our problems and to the infinitely more pressing economic needs of so many others.

But our debate must be positive, not negative.

The reason there is so much sin, poverty, conflict, disease, and misery throughout the world is because it takes hard thinking, personal involvement, and strenuous effort to develop positive programmes—whereas negative thinking is the result of inertia.

We need much more personal and national understanding, and that results largely from intelligent, relevant discussion.

THANKS OF THE MEETING were expressed by Mr. H. H. Wilson.

"BELGIAN POLICY IN THE CONGO"

An Address by

HIS EXCELLENCY JACQUES DE THIER
Belgian Ambassador to Canada

Thursday, February 2nd, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: Today the word, "Congo", is on everyone's lips. We read daily of the turmoil and the confusion and the continuous disturbances; and we sympathize with the suffering and distress that is the lot of so many people in that puzzling country. We wonder, too, if we know enough about the two sides of the story to judge it fairly and impartially. Today, to throw new light on this perplexing situation, we are honoured with a visit by the Belgian Ambassador to Canada, His Excellency Jacques de Thier.

Our guest was born in Belgium in 1900. He was trained as a lawyer, studying at the University of Liége and becoming an Advocate at the Liége Bar in 1923. For a few years, he was attached to the Prime Minister's Cabinet in Brussels; and after passing diplomatic examinations, he was appointed Attaché to the Belgian Legation in Berlin in 1932. Subsequently he served in Athens, Teheran, Spain, Washington, New York, and for four years immediately prior to his Canadian appointment, was named Ambassador to Mexico. On July 4, 1958, he was appointed to his present high post as Ambassador to this country. In addition, for the past four years, he has been a member of the Belgian delegation to the General Assemblies of the United Nations.

Our guest has been awarded many honours, including the Commander Order of the Crown and the Officer Order of Leopold. He is a member of the Royal Ottawa Golf Club and the Country Club of Ottawa. He is married and has three children.

It is with great pleasure that I present to you His Excellency Jacques de Thier, Belgian Ambassador to Canada, who will address us on the subject, "Belgian Policy in the Congo".

MR. DE THIER: I wish to thank you for giving me this opportunity to speak on Belgium's policy in the Congo. So much has already been said on the subject that you may be tired of it. Unfortunately, the Congo remains one of the main problems of international affairs, one of the most dangerous spots of the Cold War. Besides, Belgium is blamed for all the troubles of this unfortunate country and, at the United Nations Organization, she is used by some governments as a scapegoat to cover up their own manoeuvres to extend their influence over this large area of Central Africa.

Backed by a powerful anticolonial and communist propaganda, fiction blends with history; and a great deal of confusion prevails in many people's minds about the Congo.

You may have heard this definition of a diplomat: "An honest man whose job it to lie abroad for the good of his country." My task, I assure you, is exactly the opposite: it is to denounce the errors and the lies and to dispel the legends by recalling the facts.

Belgium became a colonial power without looking for it, almost unwillingly. The Belgian people, who had acquired their own independence only forty-five years before, were not in the least interested in the colonial undertakings of the second half of the last century. But their King, Leopold II, was a man of genius, and the establishment of the Belgian Congo was his work. He had paid great attention to the endeavours of the explorers of Central Africa and, with the help of Stanley, he created the "International Congo Association", to further the exploration and development of the Congo region. After a few years, in 1885, this Association was recognized as an Independent State under the personal sovereignty of King Leopold at the International

Conference of Berlin by the main Powers of the time. They thought they had, through this device, removed the Congo area from power politics and insured the maintenance of peace in Central Africa.

When one considers the Congo, one should keep in mind that this region was, at that time—only seventy-five years ago—one of the most backward and unhealthy areas of the world. It was inhabited by primitive tribes speaking different languages and fighting among themselves. They could neither read nor write and had no means of transportation besides the canoe. They did not know the wheel nor the plough. All kinds of diseases and the slave merchants took a great toll among them.

With the help of missionaries, doctors, administrators, and engineers of different nationalities, with the help also of Belgian, British, and American capital, King Leopold undertook to develop and civilize this immense area. It soon appeared that the needs were enormous and the task too heavy for one man, however able he may have been. His administration of the Congo State aroused criticisms and King Leopold, realizing that the development of this African area required more powerful means, proposed that Belguim take over the Congo. In 1908, that is fifty-three years ago, the Belgian Parliament accepted, not without apprehension, the offer of King Leopold. The Independent State of the Congo had lasted almost twenty-five years.

The administration of the Congo was an enormous undertaking for a small country like Belgium.

The Belgians had no experience, doctrine, or prejudice in colonial matters; and they endeavoured to tackle the problems in a realistic way. They started at the basis. They organized means of transportation and communication; they built houses, hospitals, primary schools, and churches —in short, all the essential requirements for a wild region which opens itself to modern civilization.

Fortunately, the Congo has abundant natural resources, and their development provided the necessary financial means. Concessions were granted to private companies which invested large amounts of capital in the Congo. Anxious to prevent these companies from exploiting the resources of the country to their sole profit, the Belgian

Congo Administration kept for itself, as a price for the concessions, an important part of the capital of these companies and appointed its own representatives to their Boards of Directors. Thanks to the income of the shares which were its property and to the taxes raised on the whole profit made by the companies, the Belgian Congo Administration received a very large part of the benefits and used them for the needs of the Congo.

This system of development of the country through big companies, jointly owned by the State and private capital, has given excellent results and was mainly responsible for the economic success of the Congo.

Having overcome the inevitable difficulties of the beginning, the Congo had become an important supplier of raw material and was in a position to bring a substantial contribution to the Allied effort during the last war. The uranium which was used to make the first atomic bombs in the United States, was produced in the Congo.

Before its independence, the Congo was the first world producer of cobalt and industrial diamonds, the second of palm oil, the third of uranium, the fourth of tin and the fifth of copper, immediately after Canada.

As a result of this economic prosperity, the Belgian Congo Administration was able to raise considerably the standard of living of an important part of the Congolese population. Its average income was one of the highest in Africa, and only in Ghana were there more children going to school than in the Congo.

During almost fifty years, this economic and human progress went on peacefully, without political troubles. Neither the Congolese nor the white residents exercised political responsibilities. The political power rested in the hands of the Governor General, who received his instructions from the Belgian Government in Brussels.

A few years ago, however, the Belgian Government, knowing that this paternalist régime did not meet the needs of a more developed population, had taken steps to give the Congolese higher education and a share in the administration of the country. Two universities were created, one in Leopoldville, another in Elizabethville. Municipal elections, in which the educated Congolese participated, took place in the cities, and African mayors were appointed in African districts. It was only a first step—more important reforms were to come. In 1958, the Belgian Government had sent a special committee to the Congo to study the situation and submit a programme of reforms. But the "winds of change" blew faster and, in January 1959, the bloody riots which broke out in Leopoldville shook the Belgian people and the world.

Of course, the Belgian authorities had known before that all had not been going well in Leopoldville. The native districts, swollen by the constant arrivals from the country of young people looking for jobs and adventures, had become more and more a source of troubles. The recession, which affected more a raw material producing country like the Congo, had increased the number of unemployed. The contrast between the comfortable way of life in the white districts and the poverty in some sections of the African districts had created ill-feeling against the whites. The expectation of a new statement of policy by the Belgian Government had recently increased the tension. And, last but not least, the growing demand for independence in the rest of Africa, the accession of Ghana to full sovereignty, the political reforms in the French African territories, the Conference of the African people in Accra, and the anti-colonialist propaganda from many parts of the world, including countries of the West, had impressed and inflamed the population of the Congo.

On January 13th, 1959, according to schedule, the Belgian Government proclaimed its intention to set up in the Congo a democratic régime able to exercise the prerogatives of sovereignty and, to quote the words of King Baudouin, "to lead the Congolese toward independence without dangerous delay, but also without inconsiderate haste." General elections would take place before the end of the year to form municipal and regional councils. Then, provincial councils in each province and a general council (future House of Representatives) as well as a legislative council (future Senate) at Leopoldville would be set up, the majority of their members being elected by the members of the new municipal and regional councils.

This programme did not satisfy the Congolese. New riots broke out. Nationalist leaders asked for immediate independence, and some of the main political parties abstained from participating in the municipal elections which took place in December 1959.

Determined to try everything to arrive at a satisfactory agreement, the Belgian Government decided to call a meeting in Brussels between representatives of the Belgian authorities and the main political leaders of the Congo, to lay down the structures of the new state which was to attain soon its independence.

To this meeting in January 1960, known as the "Round Table Conference", the Congolese came decided to obtain independence—if not immediately, at least within a very short time.

They refused to discuss any other matter before this point had been settled. It seemed to the Belgian Government that it would have been wise to postpone the proclamation of independence for four or five years to install the new machinery of the State and give some training to those who would have to make it work. But this argument was to no avail, and it was then that the Belgian Government took the momentous decision to agree, as a compromise, that Congo independence would be proclaimed less than six months later, on June 30th of that year.

From then on, the discussion was relatively easy and the Round Table Conference ended in a friendly atmosphere, having adopted sixteen resolutions outlining the steps to be taken to organize the new State on a democratic basis and build a new framework for the future relations between the Congo and Belgium.

At the request of the Congolese, the Round Table was followed by an economic conference to inform them of the various aspects of the economic problems of the Congo and establish new forms of co-operation between the two countries.

The programme adopted at the Round Table for the organization of the new State was executed according to schedule before the date set for the proclamation of independence. A House of Representatives was elected by universal suffrage, and a Senate was composed of members designated mainly by the Provincial Assemblies. The first

Prime Minister, Lumumba, head of the party controlling the greatest number of seats, was appointed by the King of the Belgians; and the head of the State, Kasavubu, was elected by the two Houses meeting together. The presence of these two main political leaders and rivals in the same government had been welcome as a good start for the new State. Immediately after the celebration of Independence, a treaty of friendship, assistance and co-operation was signed between the governments of the Congo and Belgium. From then on, the new State was in a position to operate with the help of Belgian technicians, government officials, judges, army officers, engineers, physicians, professors, who were to remain in the Congo as long as they would be needed by the new Government.

The proclamation of independence, on June 30th, 1960, ended the Belgian colonial régime in the Congo.

The sudden change of the Belgian policy in the Congo, the decision to recognize its independence almost without delay, came as a surprise to the world.

Faced with a unanimous aspiration and demand for immediate independence from the leaders and crowds of the Congo, the Belgian Government was confronted with a dilemma: either grant independence in an atmosphere of goodwill and friendship and be ready to assist the new State with technicians and capital, or use force to maintain its rule and delay the accession to independence. In that case, in view of the general unrest which prevailed in the country, the possibility of waging a colonial war had to be envisaged.

To use force was against the feelings of the Belgian people. It was not suggested by any political party. On the contrary, the Opposition (the Socialist party) took part in the Round Table Conference and approved its resolutions. For centuries, the Belgians themselves had struggled against foreign domination. It was repulsive to them to impose a harsh rule on others, and it would certainly have been denounced by international public opinion as a new "crime" of colonialism.

To use force on a large scale in the Congo would have raised difficult problems. Events have shown that the army, composed of African soldiers and Belgian officers, could not be relied upon. Troops should have been sent from Belgium, and fighting between white and black soldiers would probably have broken out. The use of force would certainly have produced hostility and hate against Belgians and deteriorated, or even ended, all possibilities of further co-operation between them and the Congolese.

The Belgian Government did not ignore the risks involved in granting independence to a country which was not ready for it. But this solution offered the only hope of a peaceful transformation of the colonial régime into a friendly co-operation between the two countries. In choosing this solution, Belgium did not give up her responsibilities; on the contrary, it signed, with the new Congolese Government, a treaty of friendship and co-operation, which provided for financial assistance from Belgium and for the maintenance of Belgian civil servants and technicians in the Congo as long as the new Government would require them.

Belgium was faced with two evils and chose what seemed to be the lesser of the two. Unfortunately, the hope which the latter warranted did not come true. Events have taken a turn for the worse, in a way not anticipated even by the pessimists and, by a tragic irony, and probably with help from outside, they have produced what the Belgian Government had wanted most to avoid: the use of force with all its terrible consequences.

Belgium left the new Congo State in a basically sound economic situation.

Its natural resources are potentially enormous. It had a public debt of only $1,000,000,000 but, on the other hand, possessed modern equipment resulting from the important investments made by Belgium. Following the first ten-year plan alone, Belgium had spent almost $1,000,000,000 in the Congo.

The new State has also inherited a portfolio of shares of private companies operating in the Congo. These shares, as we have seen, belonged to the Belgian Congo Administration.

During the last years, exports exceeded imports by about $100,000,000 yearly.

The Congo is, therefore, not only well equipped, but has abundant sources of income.

However, the political tension which troubled the Congo in 1959 and 1960, has deteriorated its financial situation. New funds which normally would have entered the Congo, remained abroad; and funds already there were transferred outside. This had created a serious crisis for the Treasury of the Belgian Congo Administration, and a foreign exchange control with a ceiling for the expatriation of capital had to be established.

Under normal circumstances, these temporary difficulties would have been overcome as soon as the political tension would have eased.

Thus the Congo was endowed with the economic means required to become a prosperous nation.

On July 5th, a few days after the celebration of Independence, an important development, the revolt of the *Force Publique*, started the catastrophe. The soldiers, demanding promotions and a general increase in pay, jailed their Belgian officers and took over the arms and ammunitions depots. It was then that Mr. Lumumba and several members of his Cabinet, unable or unwilling to quell the rebellion and to restore order, accused the Belgians of fomenting the disturbances and, through radio broadcasts particularly, roused the Congolese people against them. Meanwhile, mutineers were attacking whites, plundering their homes, ill-treating and humiliating men, and raping women. These appalling scenes caused many whites, including Canadian missionaries, to flee the Congo. Faced with the inability of the new Congolese Government to restore order, the Belgian Government sent troops from Belgium to protect the lives and properties of its own nationals and of other white people.

The situation has continued to deteriorate ever since. Mr. Lumumba denounced what he called the "aggression by Belgian troops"; he declared void the Friendship Treaty with Belgium, broke off diplomatic relations, and called on the United Nations to help expel Belgian troops. Belgium, which had sent them with the sole purpose of restoring order, withdrew them gradually as the United Nations Forces took over.

Following the departure of many whites, public services and economic activities were considerably reduced, and chaos prevailed. President Kasavubu and Premier Lumumba were unable to agree on a common policy. Acting within the limits of his constitutional powers, Mr. Kasavubu dismissed Mr. Lumumba and had him arrested as he refused to submit. Meanwhile, followers of Mr. Lumuba took control of the Oriental Province and claimed to have established a government in its capital, Stanleyville, stronghold of the former Premier. They have also taken over control of the province of Kivu after kidnapping members of its government, and their troops have recently invaded the north of the province of Katanga.

The leader of the Katanga government, Mr. Tshombé, has always refused to recognize the authority of the government of Leopoldville. Advocating a federal system, he does not accept the idea of a centralized State. He has maintained order in most of his province and kept the Belgian technicians in his service. As a result of this policy, economic activities are almost normal in Katanga.

Today President Kasavubu and his government have, in fact, no authority in several provinces of the Congo, and the whole country is threatened with civil war by the followers of Mr. Lumumba, strongly supported by the communist States and some Afro-Asian countries.

Belgium has not ceased to be blamed for the Congo's evils. She was criticized for giving independence to the Congo too early, but those who make this point forget to mention that nationalist fervour and anti-colonial propaganda had inflamed the Congolese and that the use of force by Belgium to maintain a colonial régime would have been branded as a crime against human freedom.

It is interesting to note in this connection that, in a resolution adopted at the last General Assembly of the United Nations by a great majority of members, the United Nations stated that lack of preparation in political, economic, social, or educational fields, can never be taken as an excuse to delay independence.

Belgium is blamed for not having prepared the Congolese for independence. But it is ignored that, when Belgium took over the Congo, only fifty-two years ago, it was still one of the wildest and least developed areas of the world.

Nor does one consider the achievements of the Belgian Administration in the field of primary, technical, and higher education. One quotes small figures of university graduates in the Congo and does not mention the fully-equipped university in Leopoldville, where hundreds of young Congolese receive a university education of a high academic level. One does not mention either the 644 medical assistants who have studied medicine for four years after high school and would be rated as medical officers in many countries.

Belgium is accused of "having sucked the Congo dry", to use the expression of a Canadian newspaperman. However, little attention is paid to the enormous investments made by Belgium in the Congo and to the advanced economic infra-structure built and left by the Belgians in this territory.

A few weeks ago, for example, a Canadian expert, member of the United Nations Forces in the Congo, Mr. J. P. Fournier, stated, during a visit in Montreal, that the infrastructure left by the Belgians for aviation was remarkable and could be compared with the best in our countries.

Seldom mentioned also is the programme for economic and financial asssistance of exceptional magnitude offered by Belgium, accepted by the new Congolese Government, and later rejected by Mr. Lumumba. This assistance included an annual grant of $100,000,000, or twice the total amount of the Colombo Plan.

Belgian experts were criticized for leaving the Congo immediately after Independence, but no mention was made of the circumstances which made many of them go: the mutiny of the Congo Army and the following troubles. Nor is it mentioned that hundreds of them remained in the country and kept most essential public services working under difficult and dangerous circumstances.

Lately, Belgian experts were blamed for returning to the Congo. But, one does not add that they were called back by the Congo authorities.

Belgium was suspected of encouraging autonomous movements and provoking the secession of Katanga. However, it was Belgium who created the unity of the Congo and advocated a central form of government, fearing that federalism might result in ultimate disintegration. In defending this position in its discussion with the Congolese leaders, the Belgian Government dissociated itself from Mr. Tshombé, head of the Government of Katanga, and already before Independence, one of the champions of Federation.

One forgets that, before Belgium took over, there was no real Congo State, no Congo Nation, but only rival tribes with a long tradition of tribal warfare. The only common bond in the Congo was the Belgian Administration, and it was, therefore, not amazing to have seen the revival of tribal hostility after the Belgians departed.

Today, Belgium is not taking any stand in the conflict between Congolese authorities. She respects the sovereignty of the Congo and considers that the internal régime of this country must be determined by the Congolese themselves.

Belgium has further been accused, not only of lack of co-operation with the United Nations representatives in the Congo, but also of being sometimes an obstacle to the fulfillment of their mission.

In fact, the Belgian Government approved the intervention of the United Nations in the Congo and wants its success. It is Belgium's wish that the Belgian technicians still in the Congo work in harmony with the representatives of the United Nations Forces there. Their purpose should be the same: the restoration of order and the consolidation and development of the new independent State.

Belgium has, for example, withdrawn her troops from the Congo in conformity with the resolutions of the Security Council. As we have seen, these troops were sent to the Congo after the mutiny of the *Force Publique*, only to protect the lives and properties of the Belgians and other white people. It was never intended to maintain these troops there, and they were withdrawn as soon as the United Nations Forces were able to operate in the Congo. Mr. Hammarskjold pointed out that this withdrawal, completed in five weeks, could not be considered a failure for the United Nations. This United Nations success could not have been possible without the co-operation of the Belgian Government.

However, it is natural that Belgium, which has special interests in the Congo, does not always share the views of the United Naitons Secretariat, which acts on behalf of the community of nations or, at least, of the majority of those who support its action.

The United Nations representatives have, on various occasions, complained about the presence of Belgian technicians in the Congo or their return to that country. They have suggested that all technical assistance from Belgium should be granted through the United Nations.

The Belgian Government has not been favourably impressed by the discriminatory attitude of the United Nations towards Belgians. Further, it considers that it is up to the Congo Government to decide whether or not they want to give up their right to accept technical assistance from another country. As far as the Belgian technicians are concerned, they are in the Congo at the request and in the service of the Congolese authorities. They are no longer Belgian officials, but Congo officials. Last November, there were about 2,000 Belgian technicians in the Congo against 165 United Nations technicians. The Congo needs the Belgian technicians, and the United Nations cannot find the men to replace them. Canada, for example, has not been able to supply the French-speaking teachers which UNESCO is endeavouring to recruit for the Congo.

To demand the withdrawal of Belgian technicians would be unrealistic. It would considerably increase the chaos prevailing in that country and ignore the wishes and the sovereignty of the Congo Government. In fact, the Belgian technicians who are performing duties in the Congo are rendering precious services, not only to the Congolese people, but also to the United Nations.

As you may well imagine, the situation in the Congo has deeply shocked the Belgian people. They are dismayed by the crumbling of their work in the Congo; they are hurt by the unfounded criticisms and accusations directed against them.

Belgium's work in the Congo had its defects and its shortcomings, but, on the whole, it was a remarkable achievement of assistance and civilization in one of the most primitive and underdeveloped regions of Africa. It was also a great contribution to the peace of the world, since, for more than half a century, Belgium maintained order in an enormous territory always threatened by tribal warfare and the ambitions of outside Powers.

The time has not yet come to draw definite conclusions from Belgium's venture in the Congo. But we are confident that, when emotions will have calmed down, when the world will be in a position to consider objectively Belgium's record in the Congo, we shall have little to fear from the verdict of history.

THANKS OF THE MEETING were expressed by Mr. John L. Bonus.

"PROBLEMS OF NATIONAL MATURITY"

An Address by

HIS EXCELLENCY MAJOR-GENERAL GEORGES P. VANIER, D.S.O., M.C., C.D.

Governor-General of Canada

Thursday, February 9th, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: Today The Empire Club of Canada is trebly honoured. First of all, we are honoured in the visit to this Club of the Governor-General of Canada. In the second place, we are honoured because this is the first visit of His Excellency to The Empire Club since his gracious acceptance of the post of Honorary President of The Empire Club. I hasten to assure His Excellency that we will do our best to see that the duties and responsibilities of this high office are not too onerous and not too burdensome. And, of course, the third reason for our gratification is that His Excellency should be accompanied on this visit by his lovely and charming wife; and thus enable us to declare this a "Ladies' Day" at which our own wives and lady friends can be present also.

In the now fifty-eight years of its existence The Empire Club of Canada has entertained hundreds of outstanding personalities from all walks of life and from most countries; but it is always especially gratifying when we entertain one of our own Canadian Native Sons whose career has been as illustrious and as deserving as that of His Excellency. Our guest was born in Montreal in 1888 and apart from the many years he has been serving his country, both in peace and in war, in foreign places, his home too has been in Montreal. He graduated from Loyola College in Montreal and he received his Bachelor of Laws at Laval University. In 1911 he was called to the Bar of Quebec and he practised law for some ten years. But although his training and his early practice was that of a lawyer, he chose instead to dedicate himself to the service of his country.

In war he won the Distinguished Service Order and the Military Cross and Bar. In peace he filled a variety of diplomatic posts with courtly distinction, eventually becoming Ambassador to France until his retirement in 1953. His decorations are so numerous and his distinctions so varied, that one can only mention a few. His courageous war record is known to all of us. It was after the war in 1921 that he married Pauline Archer, daughter of the late Honourable Mr. Justice Archer and they have a fine family of four sons and one daughter.

You will recall that he was Canada's representative to DeGaulle's French Committee of National Liberation in London in 1943. On September 16, 1959, he became Canada's 19th Governor-General. He became the second Canadian Governor-General and he became the first Governor-General of French extraction. We know him and honour him as a man of great charm, of great integrity, and of great faith. It was typical of our guest that when he entered upon his important office of Governor-General he did so with a prayer for Divine Help. The opening six words of his address of reply at his installation were simply these: "My first words are of prayer." And typical also of the man was the last sentence in that same famous speech, when he said: "If Canada is to attain the greatness worthy of it, each one of us must say: 'I ask only to serve'."

Exactly one year ago today the University of Toronto presented our guest with an Honorary Doctor of Laws Degree. In accepting this honour he used this striking language with which I close: He said: "Let us begin to associate prayer with power, faith with fire, charity with clear, swift action. May these spiritual shafts shatter the clouds of doubt and fear, light our path through the valley of confusion and guide us to the mount."

Ladies and gentlemen, I present to you the 19th Governor-General of Canada and the Eighth Honorary President of The Empire Club of Canada, His Excellency Major-General Georges P. Vanier, D.S.O., M.C., C.D.

THE GOVERNOR - GENERAL: I can't tell you how pleased I am to be with you today. Be assured that this is not just an idle compliment to The Empire Club of Canada. I was wondering if I would ever get to you at all. Possibly some of you don't know (you are too young perhaps) that the correspondence about my address here began five years ago. Since then dates have been agreed upon, then cancelled for all sorts of reasons. I shall spare you the grim details. The final straw was laid on my back when the 17th November of last year was chosen and then swept aside for no less a reason than the Opening of Parliament—but I seem now to have shed the gremlins who were pursuing me. The nice thing about all this is that we appear to have been determined, you and I, to get together.

The wonderful welcome you have just given me warms my heart and that of my wife as well. My first words therefore are of gratitude and also of pride that you have conferred upon me the office of Honorary President.

In six years' time we shall be celebrating Canada's one hundredth birthday. I don't want to examine the best way of commemorating the centenary of Confederation, the National Committee on Canada's Centennial, which is governmental, and the Canadian Centenary Council, which is a voluntary body, are already doing so. I should like to consider, however, the preparation of mind and spirit which we should perhaps try to achieve during the intervening years.

Confederation was not the starting-point of our history, which stretches back much further than that. It could be better described as a land-mark along our path to nationhood. For those who conceived of a united country, who explained their idea to the people, and who finally gave constitutional form to their idea, Confederation was a great act of faith. We see it now as a constructive attempt to live with and gradually dominate the problems of history and geography. These problems may once have seemed wellnigh hopeless. They have been reduced and made manageable by a century of national life, shaped and guided by a common purpose derived from the inspiration of the Founding Fathers.

If some of the original problems have been eliminated, this, however, does not mean that we face the prospect of plain sailing in a stormless sea. The very solution of old difficulties has often produced a crop of new ones. Problems also have a habit of changing shape, so that what was yesterday a question of economics becomes today a matter of psychology and personal understanding. At the present time we have no dearth of difficulties or lack of problems to tax our ingenuity and our goodwill—without speaking of the tax on our pockets. I will turn to some specific cases later on, but now I should like to suggest that what we need as we grapple with our actual situation is a spirit of national maturity.

I feel that such a spirit could be the spring-board for a great new leap forward. It could provide a stimulus and a starting point comparable to that of 1867. Let me therefore try to explain what I mean by maturity. We often use the term when speaking of young people growing up. A boy, for example, begins by acquiring factual knowledge, to this he must add understanding. One then hopes that gradually with time and experience he will attain wisdom, which shows itself in mature judgment. Maturity is thus something affecting the whole personality. It implies a balance, a degree of self-consciousness and a sense of responsibility. I believe that this concept can be applied to the nation at large. We must strive to produce a people that is not dependent, which realizes its weaknesses just as much as its strengths, which is therefore capable of setting its own goals in the light of self-knowledge.

It will be no easy task to ensure that all the components of the mosaic of Canada's population take part in this process of growing up. The problem of full participation is complicated by the rapid rhythm of change built into the century in which we live. Statesmen have generally had to apply to the questions of their day the training which they received in their youth, perhaps a generation or even longer beforehand. This necessary time-lag between preparation for an attainment of high office was of little moment in more stable times. Today it demands a great effort of adaptation from those responsible for major decisions. Now, too, even the rank and file have to undergo the mental gymnastics of adjusting their minds to the infinite, and of accustoming themselves to measure space by light-years and time by geological epochs.

These personal difficulties should not, however, be allowed to blind us to the demands that the cause of national maturity will make on each and every one of us. One of the greatest needs of the moment is for a more active and widespread Civic Spirit. We must take pride in our communities and refuse to tolerate injustice and inefficiency within them. Edmund Burke once remarked: "All that is necessary for the triumph of evil is that good men do nothing." And one of the leaders in Canadian industry asked, only the other day: "Are enough Canadian corporations and business men accepting their responsibility and grasping their opportunity to participate in public affairs? Are there enough Canadians whose sense of responsibility will lead them to share in the democratic process?" For democracy is a challenge to all. Active democrats must have faith that their fellow-citizens love and seek the common good. It is up to us not to disillusion them. We must prove our zeal for the common good, which is above individual interests, by standing firm for justice and truth even at the cost of personal sacrifices. If we can spread this attitude we shall find that the law will be obeyed because it is seen to involve the common good. It will be kept even when it could safely be broken for the sake of private gain.

Civic spirit originates at the parish or community level, as it rises higher it blends imperceptibly with patriotism. Now patriotism I would describe as a mature form of nationalism. The patriot is "for" his country without being "against" anyone else. He does not condemn other nations, neither does he make excuses for his own country. He is a level-headed realist who believes that his people have something worthwhile within them to give. All too often in the past, I am sorry to say, we in Canada have been apt to alternate between a narrow nationalism and a facile rejection of our own efforts and even of our own successes. Let us try to cultivate a balanced view, let us avoid the temptation to seek a sensational headline when we discuss our own country.

Patriotism by itself, however, is not enough. We are called upon today to have an international outlook. Self-interest even dictates this, for Canada lives by its foreign trade. Over and above our commercial relations with the world, we have been gifted with a dual culture originating overseas while at the same time innumerable ties of kinship link us to Europe and to the United States. The role which we can and must play within the family of the Commonwealth is yet another reason for turning our gaze outwards. The new uncommitted nations which are emerging throughout the world likewise demand our attention. I wonder what proportion of Canadians realize that we cannot isolate ourselves in our particular ivory tower. How many understand that other people's problems are our problems? We cannot consider ourselves to have attained national maturity until the extent of our involvement in the world is widely grasped. I am hopeful that organizations and clubs such as this will make the facts more generally known.

You may perhaps feel that I have located the spirit of national maturity at a rather remote level. I hope I have not given the impression of preaching something which is only important in moments of national or international crisis. Maturity is an attitude of mind which we can never afford to lay aside. It is something which must be with us from day to day in all the complexities of family and social living. It must be our guide in dealing with such specific problems as crime, juvenile delinquency, alcoholism, drug addiction, mental ill-health or the break-up of families. These are scourges which the normal family and community hope and pray will never touch them. Yet even if we are spared, we still remain each to some extent his brother's keeper. Therefore we cannot abdicate all responsibility and simply leave it to government to look after the victims. In circumstances where prevention is so much more effective than treatment, it is essential to mobilize the energies of the whole community.

The whole community must take part in the effort to achieve maturity. It can do so by raising its standards and improving the quality of its life. Our language, our thought, our use of time both in work and in leisure, all of these must bear the stamp of quality. Only by excelling in whatever she does will Canada win for herself the respect of nations.

Having tried to outline some of the fields in which national maturity would naturally operate, I should now like to consider means by which a mature outlook might be stimulated. I believe that we need to develop within us the power of vision, that is to say, the ability to see things as they really are. We must liberate ourselves from prejudice and try to avoid seeing the problems of today with the eyes of yesterday. In this context I believe that philosophy is of prime importance. For not only does it condition to some extent the eyes of the beholder but it also determines the behaviour of those he is observing. The actions of men reflect their thinking. Let us take into account their ultimate aims just as much as immediate motives. I suggest that it is the duty of mature citizens to open wide the eyes of the mind, allowing them to range freely outside the field of day-to-day business.

The sequence: Examine, Judge, Act, is I think you will agree, a logical one, leading us to sensible conclusions. I have touched on the first step, examination. As for the second, judgment, it is rare for us to be able to judge "in vacuo" without knowing at all what will be the consequences of our judgment. I suggest that in all questions touching on national maturity we need a sense of direction. It is sometimes said that politics is the art of the possible and that all problems are not capable of rapid solution. I agree, but I hold that unless we have a clear purpose in mind, we shall never even know what is possible. If we are content with the status quo we shall never achieve anything. It is essential that we know which way we are heading at a time when family and community pressures are in many ways less strong than they were fifty years ago. By this I mean that the population is far more mobile than it used to be. In this age of the new suburb, much of the restraining influence of the stable community and of the wider family comprising grandparents, uncles, and cousins, has been lost. The basic family group of father, mother and children is often isolated and free to shape its own destiny. Pressure to conform to a moral ideal has been replaced by the insidious assaults of publicity and the desire to keep up with the Joneses.

In these circumstances a Club such as this could, I feel, fulfill a real need, by pooling the experience of its members in an effort to agree on what Canada should aim to become, and how she should work towards that aim. I believe that usually you have outside speakers to address you. They have their drawbacks—they may not come, and even if they do come they may not always be listened to. As an alternative you might consider a debate, or a brief talk followed by discussion, with the idea of getting the active participation of members, and if possible a measure of agreement and even of action.

Any attempt of this sort would be sure to entail discussion, debate, and I think fruitful dialogue. It is too much to expect that agreement will fall ready-made from the skies. In fact it is desirable that even non-Marxists should find their common ground by dialectical means. While there can be agreement about what is already known, the frontiers of knowledge are only pushed forward by the clash of ideas. For the truth very often exists at a mid-point between two poles where opposite charges meet, explode, fuse and flood us with light.

The sort of dialogue which I am advocating cannot always be obtained simply for the asking, for we have all been brought up in an atmosphere of toleration. Now tolerance is a virtue, which is the hallmark of our political and spiritual freedom, but in itself it is a negative quality, by which men allow the existence of opinions or things to which they can give neither agreement nor approval. The great danger is that tolerant people may too easily become lazy and indifferent. We all need to develop the art of criticism, which is only the habit of questioning intelligently. We must learn not to be impatient with the critic, and on the contrary to give him the benefit of the doubt, assuming that he is constructive and helpful until he has been shown to be negative or captious.

I am sure that it is essential for all those not debarred by office, to formulate their own opinions and express them vigourously. As a stimulus, how useful is a grain or two of discontent, above all when it is of the creative sort. A little discontent can shatter complacency and urge us to nonconformity, making us dissatisfied with what we know already. Under its impulse we can resist the mass pressures and the hidden persuaders, and seek always to expand the limits of the private world we know.

I should like to consider now certain expressions of this desirable spirit of national maturity. Fifty years ago or more one of the great men of my Province declared: "What this country needs above all is peace, concord and union between all the elements composing its population." The need for unity throughout the nation is no less great today, and ever since taking office I have been at pains to spread this message with no fear of repeating myself. The unity we seek is one that thrives on difference and diversity, one that abhors uniformity. We should stand united in full recognition of our differences, determined to transcend them, proud of our Crown, dual culture, parliamentary system, and substructure of Common and Statute Law.

I trust you will forgive me for repeating what I said at the University of Toronto when I received an Honorary Degree: "I always feel in Toronto, the Queen City, that it is most appropraite, indeed desirable, to speak of the Crown. We are privileged to be members of a great Commonwealth of nations, unparalleled in history, scattered the world over, autonomous yet united under one Crown. When this Crown graces, as it does today, the head of a Queen, young, radiant, and exemplary, we should count ourselves supremely blessed. How wonderful, how Providential that we should have someone, above class and party, to honour and respect, and above all, to love, because love is the great motive force in human and divine relations."

I believe that there is a spiritual power which finally draws together the people of a nation. Their unity is founded on love. Such love has nothing selfish about it, for it is the non-possessive love of friendship. By rational means it seeks the good of fellow-men. It finds expression in good citizenship, in respect for law and the rights of others, and supremely in the sacrifice of those who have given their lives for the benefit of their brethren.

If we are to take this deep and mature approach to the question of our common life as one people I believe that we have to evolve spiritually. Living things appear to have evolved from the individual cell to the complete human being. Machines have developed from the flint instrument to the atomic reactor. Meanwhile how much advance has been made by willpower, intellect and memory considered together? It seems that the human personality as a whole has to make up a lot of leeway simply to keep pace with the achievements of its more gifted exponents. Material progress alone I believe to be sterile and sometimes self-defeating. It should be considered as a means and not as an end in itself. When this distinction is forgotten the dignity of man usually suffers, and more often than not he is stripped of his natural rights. Science and technology, those two main props of material progress, have been described as wild horses which only human thought can control. Civilization is the aim of our manner of living, culture the object of our pattern of thought. To the former we should strive to give meaning, to the latter depth. If we can succeed in this double effort we shall improve the quality of our lives, we shall maintain our self-respect and keep ourselves distinct as individuals and as Canadians. By mental effort we can avoid the loss of identity, the person will triumph over the nameless mass.

By evolving spiritually, by becoming more fully conscious of our situation we can gain the ability to cope with the problems that beset us. What guarantee is there though, that we will give the right answers to the questions we have been able to pinpoint and analyze? To my mind the best hope of avoiding grave errors lies in improving the quality of our Human Capital. How can this be done—only by a return to morality. Such a return would achieve more than the most successful application of political or economic theory. At present vice and crime are accepted as a part of life and often glamourized by authors and entertainers. There exists a cult of success—and who hasn't heard of the perfect murder? We have come dangerously near to an acceptance of the doctrine that the end justifies the means. In such circumstances it is hardly surprising that the young have difficulty in recognizing right and wrong, hence their dismay and even despair. Our angry young men and our juvenile delinquents are not just a plague sent to try their virtuous parents, they are a direct consequence of the moral climate for which we are responsible. If we base morality on sound values which we are not ashamed to proclaim, then there is little cause for fear. This way lies the road to maturity.

THANKS OF THE MEETING were expressed by Mr. John Griffin.

"THE FUTURE OF CANADIAN TELEVISION"

An Address by

JOEL W. ALDRED
President, Baton Aldred Rogers Broadcasting Limited

Thursday, February 16th, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: At the age of forty our guest today has the strenuous, competitive task of introducing the television audience of Metropolitan Toronto to a second station, the famous "Channel 9". This new Channel was founded in controversy; and ever since, its operation has been the target of criticism, much of it favourable, and some not quite so favourable. Of course, it is far too early for the critics to pass any final judgment. At any rate, in the President of this new company, who is our guest today, Channel 9 has a stimulating and imaginative leader.

Mr. Aldred regards Port Perry as his hometown, and one of his chief vocations is that of a farmer. Indeed, he owns two farms; one, a tobacco farm at Aylmer, and one, a general farm, at Port Perry; both, I am pleased to say, are being operated on a very profitable basis.

In wartime he served in the Royal Canadian Air Force and following that he achieved outstanding fame as a radio and television announcer. In this work he travelled extensively and his voice and his face were familiar on the American networks. For example, among others, he appeared on the Perry Como Show, as well as on Chevrolet's Dinah Shore Show. In his career he has probably been one of the highest paid television announcers in the world. Those in the audience who are HiFi fans will be interested to know that Aldred-Rogers Limited, a company of which he is President, are also owners of CHFI-FM, Toronto.

The future of Canadian television rests in the capable hands of men like Mr. Aldred, and it is on this topic that I will now ask him to speak.

MR. ALDRED: Thank you very much, Mr. Stark. Gentlemen of the Head Table, Guests and Friends:

There is one correction I think I should make, Mr. Stark, in what you said because the press is here and, as you mentioned, we have gone through some troubled times with Channel 9—relative to the way it was born and the way it was actuated—and, so that we are not really criticized as being monopolistic in tendency, I should state that Baton Aldred Rogers Broadcasting Limited does not own CHFI-FM but Aldred Rogers Limited does. It is rather a fine point but a very important one.

It is delightful being here because there are so many of my friends in attendance. I see bankers with whom we have had dealings and there are representatives of some of my clients. Ford Ralph is here representing the H. J. Heinz Company. I do a great deal of their television work in the United States and some of it here in Canada. Next time you are in Leamington, if you would like to take a message back, Ford, let them know that I need a little more work. Joe McCulley is with us—you can see him on Sunday nights on "Q.E.D." as Mr. Hermant mentioned earlier. Mr. Hermant, who has been sitting on my right, is a partner of Spence Caldwell who is trying to form the second television network in Canada. Strangely enough, we found we didn't have very much in common. However, Mr. Hermant did mention that, when "Q.E.D." and McCulley were mentioned, everybody recognized both. This is part of the power of advertising, and on this we agreed. Those of you who watch "Q.E.D." probably remember the night that Archie Moore, Light Heavyweight Boxing Champion of the World, was on and this question was asked by a very delightful young lady contestant—"Do athletes make better lovers?" Mr. McCulley hasn't answered that one yet. You know . . . all he had to say was "I'm not an athlete".

Eddie Goodman is here from the firm of Goodman and Goodman. I know that he is a member of the Club and he happens to be our legal counsel for Channel 9. So, on all sides I'm surrounded.

Well, we'll talk about television for a short while.

There are very many ways to look at the future of television and there are very many ways to attempt to assess it. The future depends upon a number of variables which are common to most businesses. The general economic climate, I am sure we are all aware, is the most important. It is a very important variable for the new television stations with their extremely large new investment. Then there are demands of organized labour—both within the operation and outside the company—that is, unions representing full or part-time employees not within the performing fields themselves. There are three—one represents electronics, one represents film and staging, one represents news. We are dealing with the three of them very shortly in Ottawa. There are two unions representing performers. With them we have completed one agreement and the other one is outstanding. There is one other union as well, so we may be involved at the moment with six unions relative to our organization up at Agincourt. This is causing Mr. Baldour, our Station Manager on my left at the Head Table, a fair amount of concern these days. He is our main negotiator so he'll get the gray hairs. I'll be able to sit in on the last stages of negotiations and say, "Well, Charlie, is that all you could work out?"

The number of TV sets in use, of course, is a very important factor to us and naturally, the number that are tuned to Channel 9. This refers loosely to rating systems which you have heard about. They are a rough guide to programme and station popularity. A rating is a type of circulation figure arrived at by several different research methods and they invariably are projected figures from a small sample. As well, there is a loosely knit Crown Corporation with a great appetite for funds from the public till called The Canadian Broadcasting Corporation. Now as you know, I formerly was with the Canadian Broadcasting Corporation and we parted on rather bad terms. However, I do admit, and I do admit very, very freely and quite correctly, that the C.B.C. does do many good things and I am sure that many of you here do watch and listen to the C.B.C. quite regularly. As a matter of fact, I too watch it quite regularly—more so now since Channel 9 has come on the air—not because our programmes are bad but because I can see my money being spent on two channels rather than just one. It is a funny sensation. This, of course, leads to other factors such as the selling and merchandising tactics of your opposition.

It's basically the C.B.C. we are talking about and yet, because we are in Toronto, we are also affected by the three American networks through their Buffalo outlets. As a matter of fact, it is generally considered in the trade that this, in all probability, is the most competitive television market in North America. One of the basic reasons for that being so is that there is one station in Toronto—Channel 9—which is not competing against the usual three networks but against four. However, these are all facts that were taken into consideration by ourselves and certainly by all of the other applicants when we all applied for the Channel 9 license not quite a year ago. Now, in our future, there are several other factors. Namely, an attempt to establish a second network which I referred to very briefly before, and colour television. Speaking generally for all of the stations, there is also another factor. This is the April 1st deadline at which time we have to have 45% Canadian content in our programming. The 55% Canadian content figure, as you all know, does not apply until April of 1962.

The general economic climate is certainly of concern to all of us. To thinking businessmen and their businesses and to thinking governments, it is always that way. There can never be any complacency. Alertness to change is important to business survival just as it is to goverment survival. Now, in our business, Westerns may be the darling of the hour and violence may have seen its hey-day. But who knows and when will we really know? The critics of television are, in the main, extremely well motivated. I think at times they are unfair but then, when we examine ourselves, we are all that way in some portion of our daily lives. It is easy to criticize business and it is easy to criticize government both generally and specifically and usually criticism contains little solid recommendation for improvement. When recommendations are made, the cure tends in most cases to lie with somebody else's money, either public or private.

Now this country in itself, I think, is in excellent shape. A greater number of people, as we know, are employed than ever before but we also have greater unemployment than ever before. However, I'm sure that if we spent more time talking about our achievements and the ways to expand on them and far less time bemoaning the sad lot that we find ourselves in periodically, our national vitality would expand. If we as businessmen give constantly greater value in our efforts and in our leadership, and if we recognize that the word "work" really *means* work and we really *do* work, then we'll all do a much greater job in arising our national positive image. There is a lot to be said for the power of positive thinking. Mr. Tennyson, the President of the Rock City Tobacco Co. which is now a subsidiary of the Rothmans group of companes of which I am a director and is the man responsible for that teasing campaign about No. 7 that we ran a few weeks ago, tells a wonderful story which some of you may have heard. It is an old story but there is a lot of truth in it. It's about an old man who sets up a hamburger stand by the side of the road. He gives good value and the more he advertises and adds value to his products, the more his business expands. He is an uneducated man who wants his son to be educated. Finally his son goes to college to learn all about the ways of the world. In a few years, the boy returns from college and dad is doing very well. But the kid has done a lot of studying and dad cannot read well enough to know what is going on in the world and the boy says "Dad, I don't know why you are doing all this expanding and giving people all this extra value for their money—haven't you heard that the economy is in terrible shape? You'd better slow down a little bit and pull back on some of these things." So the old man took his learned son's advice and pulled back his signs and cut down the size of his hamburgers and, of course, you know—it was not too long before he had to agree with his son that business generally was most certainly in terrible shape.

So, these are things, the very simple little things, that point up the fact that sometimes we don't talk the way we should talk. There are times that we do not take advantage of the knowledge that we have to help in other ways. If we can't be a little positive, at least we shouldn't talk ourselves into a decline. There are swings in the flow of commerce. We all know that. Let's recognize them. Swings do two things—they point out the strong points in the economy and they certainly point out the weak points. Now, if business was a static thing and our economy was rigidly controlled as many people would like to see it, this group would not likely be sitting here eating lunch. We would be out in a communal eating area somewhere for a half hour and then back to work in order to level out the economy so that everybody could have an equal living—without regard to ability, initiative or contribution. Getting back to general business levels, I would like to talk about something that has come up in the last several days. The fact that the Vancouver independent television stations, which went on the air last fall, have experienced some difficulties and released a number of its staff, does not reflect on the situation here with Channel 9 at the moment. As you know, in any new business there are bound to be changes necessary, because actuality and planning never do completely jibe. As far as Channel 9 is concerned, some people have resigned, some people have been let go, other people have been hired and this is common to all industries. Certainly, there will likely be further staff adjustments. Just because there is a readjustment in Vancouver due to certain financial setbacks, it does not mean that everything is falling apart here in "good old television land" Toronto or elsewhere. I have had a number of calls from the press about this in the last couple of days and I think that makes the situation rather clear.

The demands of organized labour in the fields of independent televison, that is non-C.B.C., are just beginning to make themselves felt. There are two technical unions involved—namely NABET and IATSE—plus the American Newspaper Guild. The first two unions are involved, basically, in technical fields. In the matter of the Newspaper Guild, the name of the guild indicates the field in which they are basically interested. There are, of course, several other unions. As I mentioned earlier, these are performing or talent unions. There is the Association of Canadian Radio and

Television Artists with whom we have concluded a working agreement which is, we feel, reasonable on both sides. Then there is the American Federation of Musicians. Now the three operating unions have completed their organizing drive at Channel 9 and have applied for certification in their various areas of concern. We are unaware of their demands at the moment. We do know however, that the three of them have claimed overlapping jurisdiction and, as such, this may muddy the waters slightly.

The operation of television in Canada, independent of the Canadian Broadcasting Corporation network, is something completely new as I know you are all aware. Now on top of that, we are required to employ a substantial amount of Canadian content programming in our broadcasting schedule. As in any other business, the costs, the fixed costs of selling, and the fixed costs of producing quite naturally have an effect upon the overall economic situation of any particular business and we are exactly the same as any other business. It is difficult at the start of TV broadcasting by any new station to sell what we term "live Canadian programming". Advertisers are still somewhat wary of buying live Canadian programmes until the programmes have proved themselves. As a matter of fact, wearing my other hat, I could be termed a sponsor because I am involved with an extremely large national advertising budget through another board of directors with which I am associated. In this regard I suggested that they should mark time with all the stations across the country and let the live programming settle out. Most advertisers are doing this, although we find in the past week or so that we here in Toronto are starting to prove ourselves. That advertisers are becoming much more interested in programmes with a strong Canadian identification and, to some degree, a strong local identification.

The C.B.C., as you know, subsidizes a major portion of their commercial productions and certain of their rate card-cutting tactics both in the areas of time and commercial sales are heightening our difficulties. Those of you who read Marketing Magazine would have seen criticism of the C.B.C. rate-cutting tactics either last week or the week before by Mr. Bushnell of the Ottawa private station. We are going through the same thing here but to a somewhat

HIS EXCELLENCY JACQUES DE THIER MEETING, FEBRUARY 2ND, 1961
From Left to Right: His Excellency and Alexander Stark

His Excellency Major-General Georges P. Vanier Meeting, February 9th, 1961 greater degree. However, we do feel that once we have everything under control, our building completed and all of our equipment installed, that the flexibility which we will have and our ingenuity will overcome the expensive problems that are before us. We do know this—that some of the live Canadian shows we are producing will start to move across the country in volume to other stations by about the first of April, if not a little bit before. And, I think we have to realize that due to the geographic location of Toronto and the talent pool which is available here that Channel 9 will supply more Canadian programming to other stations than they likely will supply to us. Now this falls somewhat in the current C.B.C. pattern where, as you know, programmes originating from Toronto form a major portion of the broadcast fare to the national network.

I would like to speak for a moment now about rating services. There are wide variations of opinion as to the validity and accuracy of rating services. Ratings, as I mentioned earlier, are rough guides to programme popularity. They are projected to both local and national levels to give advertisers and stations some indication of the number of homes—that is television homes—programmes are reaching. These surveys are either done randomly by telephone calls or by some form of diary system where people in their homes keep track for a period of a week, or maybe even a month, of the stations that they are viewing at particular times.

One of the problems that exists in programming is trying to satisfy all tastes. The C.B.C. caters both in radio and televison to more so-called minority groups than the independent new stations will be able to for a substantial time to come. Private broadcasters whose income is derived solely from advertising, of necessity must cater to a much broader public taste. This does not mean that the private broadcaster does not have a prime and serious responsibility to his viewing audience. However, certain types of programmes of minority audience appeal generally are programmed as far as the independent stations are concerned outside of prime evening hours for pure economic reasons. I might point out that, in this particular field, we are involved with the Metropolitan Educational Television Association of Toronto. They have already completed one pilot on a children's show and from which 12 more shows will now be done. These will start to run sometime in March. We have also given them a half-hour of early Sunday afternoon time for a musical appreciation series which started several weeks ago. We also, in all probability, will be working closely with the same educational group in making time available for the teaching of the English language to some of our immigrants who do not speak English very well. This is something that I personally believe in very strongly. As well, from the point of view of public service and minority audiences, we have an extremely active farm department which covers a very great amount of territory. There is a half-hour programme which we think is excellent, from a public service point of view called "Great Hymns of All Time" which has a tremendous viewing audience. It is the kind of programme which has filled, in our estimation, a marked void in the television fare that has been available here in Toronto. Certainly, the programme "The Things We See" with Alan Jarvis, the former curator of the National Gallery, a programme of the arts and letters, is something that could normally be considered, I think, as falling within the minority type audience grouping. These things we are doing and it is certainly obvious to us, and I am sure obvious to people in the trade, that the four Sunday programmes that we have on—two with the Farm Department, "Great Hymns" and "The Things We See", represent investments on our part of approximately $10,000 and we get very little return out of those particular programmes. We presently amortize these costs against other programmes, mainly filmed ones, but from indications some of these programmes will be going across the country very shortly.

Now, the subject of colour telecasting has been very much in the forefront lately. Colour is the great new dimension in telecasting and, as far as I am concerned, it has arrived at an exciting stage of development. In 1960, approximately 150,000 colour sets were sold in the United States, bringing the total in use since production started six years ago to approximately 650,000. It is estimated that within our own viewing area, there are approximately 1800 to 2000 colour sets. An example of the growing acceptance of colour is the fact that 400 RCA dealers in the United States have sold

51,500 colour sets alone in the four-month period starting in November which hasn't even ended yet. In other words, most dealers who are involved with the merchandising of colour sets have exceeded previous sales figures easily. This would indicate that, from one manufacturer alone, set sales could go as high as 400,000 sets in 1961. Aside from RCA, Admiral, Packard-Bell, Magnavox, Emerson, Dumont and Olympic, three other large manufacturers have now started producing colour sets. It is also a known fact that colour sets generally require no more servicing than black and white sets, and the expense of operation is approximately the same. As a matter of fact, the colour service contracts now are down to approximately $10.00 above the contract price for monochrome sets. The stepped-up colour activity by the National Broadcasting Company indicates their faith in colour. Of course, RCA, which is the parent company, quite naturally is going to promote its own product on its own network. But, not only is colour TV an actuality, it is also a commercial success. It has grown from nothing to in excess of 100 million dollars a year in six years time. Very interestingly, in the January 17th issue of Home Furnishings Daily, which is a daily paper of the home furnishings trade, a dealer poll showed that the vast majority of dealers were agreeable to the pricing policies which were established on colour sets and were convinced that manufacturers who were not producing colour television sets would likely be left behind in the competitive race. We in Toronto are prepared for colour and expect to be using our colour gear for monochrome broadcasting sometimes during the month of May.

The future of television in 1961 has variables and I'll touch here upon one aspect that could be very important over the next few months. It could very effectively govern the degree of live television—not the amount but the content and quality of it. One of the major problems which the stations are facing now and we, fortunately or unfortunately, are leading the fight is the Musicians Union. The American Federation of Musicians is a powerful body and we all know that there have been times when its public relations have been bad. We also know that, in many respects, they have done good things with their trust funds and free concerts. Their primary business, of course, is to protect the musicians. To make sure that the musicians are treated the way most musicians would like to be treated. The unfortunate thing, of course, is that the American Federation of Musicians activity in this area, to my knowledge, is basically a New York function. In other words, we have an international union situation which is very effectively putting a road block in front of certain Canadian programming and that road block currently is—and it has not been resolved—the distribution of filmed and video taped musical shows to other stations without the payment of prohibitive fees. In so doing, there are two sets of standards being attempted here in Canada, a set of standards for the new private stations. A very graphic rough indication of the importance of this would be that a C.B.C. show requiring five musicians for three hours would cost several hundred dollars. For us to package the same show and have it shown in the basic markets across the country, the musicians' cost would be $1307.00. So you can see that there is a very, very wide discrepancy. Discrepancy so wide that, in all probability, shows with musical talent would be unavailable for syndication. If syndication does not take place, it also affects the Canadian Association of Radio and Television Artists. These people, who are in a separate union often perform with musicians. In a meeting with that particular union this morning they appeared more than upset about the fact that, in the event the Musicians Union holds firm on this stand, many union members in the performing fields such as singers, dancers and so on, will not get the amount of work that they had anticipated. This, too, could be a very, very big stumbling block to syndication of programming not only in Canada but as well, in the United States or in the United Kingdom.

I am having meetings in another week's time with representatives of both Hollywood and English production companies who are very interested in co-producing programmes for international television use out of our facilities here in Toronto. The holdup to that, in all probability, will be the fact that we have to pay substantial multiple fees to the Musicians Union which do not apply in the United States. In other words, a musician can appear on a film show in the United States and one national exposure of that show is allowed. If a musician appears on the same programme here in Canada one national exposure is not allowed. So not only do we have double standards suggested here in Canada relative to musicians but those standards are widely different from the particular agreements which have been negotiated in the United States. So you see, there are many variables for this young new industry, and the 1961 TV picture is a little cloudy for the new station.

In closing, I'd like to read something here which is very old and which some of you, I am sure, have seen many times. It is called "Penalty of Leadership".

> In every field of human endeavour, he that is first must perpetually live in the white light of publicity. Whether the leadership be vested in a man or in a manufactured product, emulation and envy are ever at work. In art, in literature, in music, in industry, the reward is widespread recognition; the punishment fierce denial and detraction. When a man's work becomes a standard for the whole world, it also becomes a target for the shafts of the envious few. If his work be merely mediocre, he will be left severely alone—if he achieves a masterpiece it will set a million tongues a-wagging. Jealousy does not protrude its forked tongue at the artist who produces a common place painting. Whatsoever you write, or paint, or play, or sing, or build, no one will strive to surpass or to slander you unless your work be stamped with the seal of genius. Long, long after a great work or a good work has been done those who are disappointed or envious continue to cry out that it cannot be done. Spiteful little voices in the domain of art were raised against our own Whistler as a mountebank, long after the big world had acclaimed him its greatest artistic genius. Multitudes flocked to Bayreuth to worship at the musical shrine of Wagner while the little group of those whom he had dethroned and displaced argued angrily that he was no musician at all. The little world continued to protest that Fulton could never build a steamboat, while the big world flocked to the riverbank to see his boat steam by.
>
> The leader is assailed because he is a leader and the effort to equal him is merely added proof of that leadership.

Failing to equal or to excel, the follower seeks to depreciate and to destroy—but only confirm once more the superiority of that which he strives to supplant. There is nothing new in this. It is as old as the world and as old as the human passions—envy, fear, greed, ambition and the desire to surpass and it all avails nothing.

If the leader truly leads he remains—the leader. Master-poet, Master-painter, Master-workman, each in his turn is assailed and each holds his laurels through the ages. That which is good or great makes itself known no matter how loud the clamour of denial. That which deserves to live—lives.

This text appeared as an advertisement in the *Saturday Evening Post*, January 2, 1915, and was placed by the Cadillac Motor Car Co. There is a lot in that.

THANKS OF THE MEETING were expressed by Mr. Joseph McCulley.

“HOW INTERNATIONAL IS SCIENCE?”

An Address by

DR. JOHN TUZO WILSON, O.B.E.
Professor of Geophysics, Department of Physics,
University of Toronto

Thursday, February 23rd, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: Professor John Tuzo Wilson is a Canadian scientist who has achieved world-wide recognition for his many accomplishments. With all his learning and scholasticism, he is also one of those really distinguished scientists who do not believe that scientific achievements alone are sufficient. He put the problem very clearly himself when he said this in a recent address: “If a man can control his behaviour, modern science should enable him to achieve much greater things and a more universal happiness: but the effort now required is a moral one, the scientific road is clear. The limit to man’s conquest of the inanimate world now clearly depends upon man’s power to control himself.”

Profesor Wilson was born in Ottawa in 1908. He was graduated in Geophysics from the University of Toronto in 1930, when he was awarded a Massey Fellowship for two years study at the University of Cambridge. He received his Ph.D. at Princeton University in 1936.

He served in the Geological Survey of Canada before joining the Canadian Army in 1939. After serving four years overseas, he was appointed Director of Operational Research in Ottawa with the rank of Colonel. Immediately after the war, he was in charge of “Exercise Musk-ox”, which tested military equipment and personnel under Canadian Arctic conditions. For his wartime services, he was awarded the O.B.E. and the United States Legion of Merit. He has also been awarded gold medals by the Royal Society of Canada and by the Royal Society of Tasmania. In 1946, he joined the staff of the University of Toronto as Professor of Geophysics, the position which he presently occupies. In 1950, he was invited to the Australian National University as visiting professor. He has travelled extensively, and has visited many countries. High tribute was paid to his qualifications when, at the close of the Eleventh General Assembly of the International Union of Geodesy and Geophysics in Toronto in 1957, he was elected to the post of President, a post which he has occupied three years.

Dr. Wilson is the son of the late J. A. Wilson, former Director of Air Services for the Canadian Government. His love of geography and his fondness for exploring come to him honestly because his mother, Henrietta L. Wilson, was a Founder-Member of the Alpine Club of Canada and was the first person to climb Mount Tuzo near Moraine Lake in the Canadian Rockies. For this feat, the mountain was given her maiden name.

Professor Wilson lives in Rosedale, is married, and has two daughters of school age. He has chosen as his subject the challenging topic, "How International Is Science?". I will now ask him to address you.

DR. WILSON: Today I am going to speak on a rather indefinite subject, and perhaps more difficult than that, describe something specific. But I think perhaps it is worth drawing attention to the international role of science and to the tremendous impact that it has had on our world.

There has been much discussion recently about the two different cultures—the Humanities and Science. I would like to start by emphasizing the important role that Science has played, and suggest to you that there have been three cultures. Being a scientist, I would like to try to place those on a quantitative basis.

This basis is population. A study was recently made of the population of the world, and we can use the figures for China and for the world. On the basis of the figures for China and Great Britain, one comes to rather similar conclusions. They are based on the investigations of the number of barriers found, tombstones, and so on. Apparently they are fairly good. They agreed pretty well.

It would appear that in Britain, as an example, for hundreds of thousands of years, there were never more than a few thousand individuals in the whole of Britain. These men lived as savage hunters, killing wild animals, and collecting fruits and berries. They had no agriculture. You may be sure that the reason there were not more was because the country would not support any more.

Then, starting with the people who built the Stonehenge and other prehistoric works, there came the development of agriculture and other fields. They reached a golden age, and the population rose to nearly a million, and it stayed that way for a thousand years.

When the Romans left, the Dark Ages and the Middle Ages occurred. I think they must have been "dark ages" for man. The population was held down by the wars we read of in history, by the Black Death, and starvation; and for a thousand years, the population remained steady at about a million.

Then, starting like a race horse, it began rising rapidly to 50,000,000 today.

We can say that there were three civilizations: that of the primitive, savage hunters; that of the primitive agriculturalists; and that of modern civilization. The difference was where 10,000 Englishmen live today, only 100 men lived in Roman times, supported by primitive agriculture, and only one lived in conditions of barbarism.

I think the ratio of 1 to 100 to 10,000 brings out the impact, the changes that technology made. The changes were clearly steps comprising the introduction of agriculture. The population, long static, has then jumped and remained static.

You see not only these leaps in population and methods of providing food, but also changes in the whole idea of civilization. It was during the era of the primitive savages that man made his greatest advances. They lived the longest —hundreds of thousands of years—and during that period, men changed from ape-like creatures to men. They learned speech, they learned to use tools, and they learned primitive religious beliefs. It was the age of arts and skills, for tools and cave drawings show that some savage individuals were true artists.

Then there were the Stonehenge builders and the Romans and the Greeks. There was the Golden Age of the early civilization added to the agriculture.

The new culture, by increasing the food supply, enabled the population to increase a hundredfold and enabled society to be organized in larger groups in cities. With these, we get the development of the great religions and, of course, this applies to other countries than Britain. And, it applies to our civilization and elsewhere in the world.

The great religions, law, armies, civil service, business, finance, became possible when men no longer lived as little individual groups like Eskimos, but lived in cities. These things became possible. And, you can add the whole field of the humanities. They did not discard the arts, and the arts flourished more than under the Greeks.

There can be no one who wishes to discard the arts and the humanities, but they are clearly dependent for the hundredfold increase on conditions due to modern technology, and this is what keeps us alive.

With the idea of the three cultures, I have tried to place this on a qualitative basis, and we might look at something that has been said and the results that have now been achieved.

Thus Toynbee, at the end of his work on the study of history said that he considers, insofar as technology can provide the means, that world government is already "a quite practical proposition", but that human nature intervenes to make the present U.N.O. quite ineffective; and he looks hopefully to the possibility of a federal world government, perhaps led by the United States.

Many would divide the world into two segments, but Koestler, after carefully considering the Communist part, agrees with Toynbee, and says,

> The outstanding paradox is perhaps that politically this planet has never before been so sharply divided into two and culturally has never before presented such a uniform appearance. Travelling at the speed of sound

> and communicating at the speed of light, we have entered into a state of cultural osmosis, where influences percolate across the porous frontiers, traditions wane, individualities vanish and a homogeneous civilization, with a standardized style of life, is beginning to emerge all over the world.

Certainly those who have been in the Soviet Union cannot but be struck by the rise of a modern *bourgeois* paying lip service to Communism while actually interested in very much the same things as we are. We do not realize how much our civilization has changed until we hear ardent Communists dwelling upon the evils of capitalism and realize that this Communist propaganda is describing in exaggerated terms conditions of the early industrial revolution which vanished a century ago.

From another point of view, Sir Charles Snow has bewailed the rift existing in Western but not in Communist countries, between the two cultures of the humanities and science. Sir Eric Ashby, who has gone further and deeper into the problem, has suggested that:

> In an age bedevilled by nationalism, universities have, through their adaptation to science, become the chief trustees for the only truly supra-national movement in the world. It is well under present circumstances to recall how important this last function is. Once upon a time in Europe there was a common religion and a common language. These cements dissolved and Europe became fragmented into national groups. Meanwhile there has appeared a new cement: not a common religion or a common language, but a common way of thinking about nature and a common stock of knowledge. I call it a movement, for that is what it is. Anyone with a scientific training is a member of the movement. When scientists were rare curiosities, this supra-national commonwealth of universities had no influence. But today, when universities once more "sit at the loom of history", when scientists are reckoned not by their dozens but by their hundreds of thousands, this commonwealth of universities becomes one of the hopes for the sanity of the world.

So they are thinking in terms of the fact that modern communication, modern technology, has made the world essentially one, and as a practical proposition, human nature can be met in the terms of a uniform world and one culture.

It has been said that the world is divided into two—Capitalists and Communists—but I think too much confidence is placed on Communism. Having seen something of it, I do not share that view. Certainly it is being modified rapidly in Russia and it is certainly loathed in Eastern Europe. The difference between the Chinese, the Russians, the satellites in Eastern Europe, and their object in learning language and following science as much as they do, is to follow the Western culture. Even Marxism is Western in origin.

What are the pressures that drive us toward one world? I think one is what I mentioned—the population. The population of Britain has gone up a hundred times. It can hardly increase a hundred times again. That would place five billion people in Great Britain. There is going to be a limit to the increase by population.

And communications suddenly modify things. In the days of the Greeks, they looked to the West as barbarians. This is no longer so.

We can now, in a way the Greeks could not, see the other empires of the world. We can see the Chinese and Russians. We can see the whole world at once. Messages can be communicated in seconds, missiles in minutes, you can travel in an hour or a day or two any place you wish.

This also has brought atomic warfare with its incalculable possibilities for destruction. I do not believe people realize how devastating the attack would be.

I was reading an article by Ford Foundation and it suggested that a bomb, easily carried in existing aircraft, if dropped on a city, would destroy everything for a radius of five miles, and damage a radius of ten miles. It also pointed out that the tremendous fire would probably destroy everything within twenty or twenty-five miles, so nothing would survive.

With a single bomb able to do that, we are faced with a new order of destruction which certainly makes warfare something totally different from what it ever was before.

Some of us were privileged to hear Lt. General Trudeau, Chief of Research and Development for the United States Army, when he came up the other day from the United States. I am sure he is optimistic about the possibility of defence. He is a very fine officer, and we enjoyed hearing him. He said he hoped someday the Zeus Mike would be developed to knock down some of the missiles coming in our direction. He hoped they would knock down nine out of ten. I don't think in the face of bombs that can ruin a city that will be much safety from atomic attack. It is rather like saying that it is safer to play "Russian roulette" than to shoot oneself with a fully-loaded revolver. One of the ten would get through.

This means we are in a new and difficult situation. The world has always been in turmoil, but the turmoil it is in now is different from what it has faced in the past.

We can see various attempts to solve this dilemma. On the one extreme, we can say that we seek the solution for the whole world forever. This, perhaps, is too much to expect. On the other hand, we might say that we can just seek a solution to defend Canada and look after Canadian interests for the next few years.

Probably most people think they would settle for something in between. We need to defend ourselves and our friends for a generation or two. We must do the best we can toward a larger solution.

And, possibly, if we take the two extremes and take the idealist view of trying to solve the world's problems for as long as possible, it is obvious that these problems are going to require a vast amount of technical training and cooperation. They are going to provide a tremendous amount of engineering and food supplies to maintain the tremendous population that is growing in the world and increasing and doubling every year at the existing rate.

Scientists get on very well. Scientists have been men of affairs and men of the world for a much greater time and to a much greater extent than they get credit for. This has been true from the early days of Archimedes to the great Newton, who it is unfair to say was a man devoted entirely to mathematics—he mainly devoted his life to philosophy.

He wrote his great work in Latin, and he also wrote poems. He was, as a businessman, Master of the Mint. He was a businessman as well as being a great scientist.

And we find many other examples, such as Benjamin Franklin and Liebnitz, who were both distinguished diplomats. This tradition of scientists being men of affairs and travelling widely is an old one, and was certainly borne out in the International Geophysical Year. It was very wonderful. The launching of the satellite was a planned part of the International Geophysical Year. The discovery of the greatest mountain range, though it was in the bottom of the ocean, now connected to the Indian and Pacific Oceans and all the way around the world, was another discovery. There are many of these great discoveries, many of these things that the International Geophysical Year carried out on a far bigger scale than even before.

Perhaps the most remarkable thing was the fact that the sixty-seven nations could participate, that they could get along and the people participated, and that there was a much better feeling of goodwill between one another at the end of the year. We had accomplished what we had started out to do and there was more friendliness than when we started. Certainly it was an example of what is to come. I think the reason is the scientists knew precisely what they wanted to do in detail—not just disarm. They said, "We will have such-and-such stations, such-and-such places doing such-and-such things at such-and-such time." It was a very precise plan. They got on well because they conceived a business-like and financially sound plan for doing it.

They divided the plan into six or seven segments, and each country did its own project in its own way. But we do have a committee that acts as a referee.

Finally, I think it is because the scientists expect to get along well with one another and expect to trust one another. Certainly it was amazing—I have been in forty countries in the last few years—to find this universal feeling. Whether you go to Rumania, to Russia, to China, or to the United States, you find you are greeted much the same way in the common language of science in which they understand each other's point of view. And they agree to disagree on political matters. They avoid these subjects. It would be very un-wise to discuss political subjects in a Communist country. You would not discuss political views for if by chance he did not agree with his country, I am sure it would be dangerous for him to disagree. And if he agreed, as some do, with the view of the Communist country, you would get into an argument. So these subjects are avoided.

It is remarkable. I remember being struck at the East German Embassy in Helsinki this past summer. My wife met the distinguished scientist, Father Cardus, a Jesuit from Spain. She knows Father Cardus—he has been in Toronto. She asked about his visit to East Germany, and he explained that he felt that if the East German scientists could avoid politics by inviting him then he should avoid politics by coming. He was there.

It is also his proud boast that during the summer, Communist Chinese who were members of the Geophysical Year were admitted to Spain. They had visas to come and there were only a few people opposed.

So it does rise above national feelings, this desire to create goodwill among scientists, because they realize that science is universally beneficial and not a national proceeding.

Last night I heard Dr. Bissell speak before the UNESCO meeting. He said, "Not only do we welcome scientists and students from many countries, but we should send more people abroad."

I am glad to know we are doing this in Geophysics. Perhaps in the Geophysical Year, we have received scientists from many countries—from Asia and Africa, as well as North America and Australia. But I notice in the Faculty of Geophysics, about five out of six were brought out of the United States last year. We have at present an invitation to send one of the Faculty of Geophysics to spend nine months in Russia. This was arranged by the Canadian Government and the Russian Government. One of the graduates has a two-year Fellowship to learn Chinese.

I was struck in the meetings by the fact that these men are very fine and very helpful, but few Americans, apart from those of Chinese origin, know Chinese. In Toronto we have already arranged for a student of Geophysics to spend two to four years learning Chinese.

This small group, as an example, has men working on six continents, working in geophysics, but working in many other fields. Suddenly we have the problems of the Congo in our minds at the present time. They are not going to be solved solely by engineering, transportation, and food. But they need people to speak the language of these people. They need order, law, policing, medicine, and many other things. Certainly the problems of the Congo are not going to be solved without raising the standard of living, providing transportation, and providing food.

Last spring I was in South America. I went to all the Republics of South America. I could not help being struck by the difference between the Canadian firms operating there and the Canadian diplomats there. I saw both, but I had the highest regard for the Canadian representatives there. Everywhere you go, you are received with the utmost courtesy. They certainly know their jobs, and they were splendid men. Very few had technical training. I was struck by the fact that there were so many Canadian companies operating in South America—companies like Brazilian Traction, which is an engineering firm, handling so many people; the Canadian Pacific Airlines; a transportation company; and mining companies, the International Petroleum, all Canadian interests. Oddly enough, when we went to Asunción, the Capital of Paraguay, there was no Canadian representation. The American Ambassador said that his chief job was looking after Canadians. He said there were eight thousand of them and they kept moving back and forth from Alberta to Paraguay—he wished they would settle down in one place or the other. They have gone there because it is a fascinating country. It has trees and it has, unfortunately, savages who are very wild, but it has no water. The problem is to find wells, to find water to make the soil more fertile so they can graze cattle or grow crops or else find oil. The Canadian companies are looking for oil. There are these technical problems.

Canadians are also assisting in the restoration work necessary in the administration of relief after the earthquake in Chile.

It seems as though we have the very finest representation, but practically none had any technical background, and it seemed slightly out of step with the times.

If, on the other hand, we try not to solve the world problems and look at the defence of Canada, then we can see the technical problems that are going to face us. We are faced with defending ourselves against atomic warfare. There seems some lack of ideas. I do not know where the lack is. Perhaps in the last few years, some of us are uncertain on the problems of Canadian defence. I would not like to suggest that anyone in Ottawa is not fully conversant with the problems and able to deal with them. Possibly the press is not so fully conversant with the problems, or perhaps you and I have not sufficient technical background to understand them. It seems to me that there is a lack of understanding of the basic technical problems.

There are many other problems, financial, legal of every kind, and social, which have to be solved as well. I am not suggesting science has to take the place of these things.

I think I am struck by the fact that the Americans, in seeking to know their adversaries, wanted to know Chinese scientists, yet depended on people of the Chinese race to tell them. We are astonished that many people, with jobs as good as yours and mine, are still going back to China. They feel proud of what is going on in China. They are educated Chinese men, and they perhaps understand this lack of technical people. They realize that the proportion of scientists and engineers in proportion to the problems they must face, is very deficient.

I think that what we need to do in the Western world is to realize that in reaching the state of civilization we desire, we have to combine science with the arts and the humanities—not leave the arts and the humanities behind, but integrate. The university is making steps in this direction, but by and large we do not really regard science and engineering as part of our culture. We regard it as an adjunct, regard scientists as technicians one can consult. It seems to me that the people with scientific training have not shown themselves to be limited. I have found many people trained in geophysics who are now practising law. One is a lecturer in Political Science, and another technically trained man is a philosopher.

It seems a higher proportion of our people should go into science and into engineering as their first training.

The average bright young man or woman does not think of going into science unless he or she is going to be a professional scientist or a professional engineer.

Dr. Bissell was talking about the surplus of engineers. I don't think there should have been a surplus. Engineers make very good lawyers and business men. You do not worry about your surplus of historians. They go into other fields and have a good training. I think our civilization demands it.

I think we are fortunate that sometimes we had some surplus engineers and scientists. In the war, we were very fortunate to have a surplus engineer in C. D. Howe.

In spite of their small number, they have done well in other fields. Not everybody realizes that Arthur Meighan, who became Prime Minister, was an honour graduate in mathematics. He is much better known as an expert on Shakespeare, but he was a graduate of honour in mathematics.

Perhaps I might tell a story about Mr. Meighan. Perhaps it is not widely known. When his book of speeches was published, it was entitled, *Unrevised and Unrepentant*. His granddaughter was asked what she thought of it. She was a very bright young lady and she said she thought it was "unrevised, unrepentant and uninteresting".

If that gives comfort to any Liberals here, I would point out that she was only eight years old at the time.

At the Ottawa Women's Canadian Club, I pointed out that the Chinese were giving everyone in college a strong backing in foreign languages so they could have contacts with other countries.

At the end of the speech, Mrs. Aroutunian, the wife of the Soviet Ambassador, came to me and said in excellent English, "Professor Wilson, you know I am a graduate engineer." I wondered how many of the other women there could have said in perfect Russian that they were a graduate engineer.

So I think we are faced with a curious situation. The Communists are educating people in those things that are necessary to a greater extent than they have been. They are also educating them in the arts and the humanities and should continue to do this.

The Communists are stressing technical education and education in foreign languages. Curiously enough, I cannot think of any form of education likely to be more detrimental to Communism than if they are able to converse in and read foreign languages. They get curious about foreign countries, and surely this will break down the propaganda system.

In a group of scientists that I met, I picked out a Russian—I picked him out because he spoke such excellent English. I said, "Why do you speak such good English?"

He said, "I thought it would be useful. I would like to visit America and England."

I said, "Do you think you will be able to?"

He said, "The way things are going in Russia, I think I will be able to in a couple of years."

These people are trained in Western languages. They are very skeptical about what is going on, and people trained in science are trained to be not dogmatic. I am sure they can see the fallacy.

We are in a curious situation. The communists are probably educating their people in the best way to destroy Communism. I am quite sure we in the West are not doing enough. We are giving a too lenient education. The liberal education is no longer the learning of the common culture of the day. We know the rest of the world exists and can communicate so easily. Maybe when we are faced with such grievous problems of defence and feeding people, maybe the liberal education is not quite broad enough, and we will need a higher proportion of the people trained in science in order to take their proper place in the international scientific world. Else, we may be left behind.

THANKS OF THE MEETING were expressed by Mr. Marvin Gelber.

"INDIA—TODAY AND TOMORROW"

An Address by

AMBASSADOR BRAJ KUMAR NEHRU
Commissioner General for Economic Affairs, India

Thursday, March 2nd, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: Today we welcome Ambassador Braj Kumar Nehru, Commissioner General for Economic Affairs, India. Although just over fifty years of age, Ambassador Nehru has long been regarded as one of the most distinguished members of the Indian Civil Service. He has served his country in various capacities and in many different ways. He received his education, first of all, at his home university in Allahabad, and then at the London School of Economics, and then at Balliol College, Oxford, and finally at the Inner Temple.

In his present important position, he has been described as "Chief Negotiator for Economic Aid to India" and also as his country's "Roving Economic Ambassador". Mr. Nehru started his official career upon joining the Indian Civil Service in 1934 as the Assistant Commissioner in the Punjab. In 1939, he was posted at the Union Government's Headquarters as Under-Secretary to the Department of Education, Health, and Lands. Thereafter he joined the Department of Finance. And in 1957, he was appointed Secretary to the Government of India, Department of Economic Affairs.

Ambassador Nehru is no stranger to international financial negotiations. He represented India at the Reparations Conference in 1945, at various Commonwealth Finance Ministers' Conferences, and at a series of Sterling Balances Conferences. Mr. Nehru also represented India at the United Nations General Assembly from 1949 to 1952; and for three years he was a member of the United Nations Advisory Committee on Administrative and Budgetary Questions.

Ambassador Nehru is married and has three sons. Presently residing in Washington, our guest has made the trip today for the express purpose of speaking to The Empire Club of Canada and we now ask him to do so, on a subject very dear to his own heart, "India—Today and Tomorrow".

MR. NEHRU: I am greatly privileged to be given this opportunity to address so distinguished an audience in this great metropolis of this great country. I am particularly honoured that you should have desired to discuss the affairs of my country. Relations between Canada and India have been intimate ever since we became independent; and indeed, the cooperation that exists between our two governments, and the goodwill and friendliness that prevail between our peoples, can well serve as an example of what relations between members of the Commonwealth should be. I have no doubt, Mr. Chairman, that meetings such as this serve greatly to strengthen the bonds of the Commonwealth. which all of us are so anxious to preserve and to strengthen.

In order to understand what has been happening in India in the immediate past, the direction in which we are attempting to move, the problems with which we are faced, and the manner in which we are proceeding to solve them, it is well to remember certain basic facts about India. The most important fact about India is that it is a very large country—not just one country among others, but a vast subcontinent inhabited by 425,000,000 people. The size of India, in terms of area, may not seem impressive to a Canadian audience, for India, as you know, is much smaller than Canada in this respect. In terms of population, however, India is the second largest country in the world, accounting for one-seventh of all humanity or 60 per cent of the total number in the Commonwealth. This is a fact which should never be forgotten for it is at the same time our major weakness and an important source of strength; and it is, in any case, one of the main factors which give to India the importance that it has in the world today. Our population is our weakness because we do not today have the means to occupy it gainfully; it is our strength because the consciousness that, for better or for worse, we in India are responsible for the destiny and well-being of one-seventh of humanity is an all-important factor in forging our sense of national resolve and purpose. From this enormous size, it follows also that all Indian operations, whether in the political, the economic, or the cultural field, have to be carried on, if they are to be meaningful, on a scale uparalleled anywhere else in the world except, perhaps, in China. A dam here or a powerhouse there, a few new schools or a new hospital or two, make no dent on the problems of India. What is required in a country of our size is to organize and to use the energies of millions and hundreds of millions of people and to expend for the national benefit not millions, but thousands of millions of dollars.

The second factor to be remembered about India is that it is an old country with an old and continuous civilization. We do not have in India a *tabula rasa*. The minds of men in India are not a vacuum to be filled by whatever winds that may, for the moment, be blowing from the west or the east. These minds are firmly rooted in a tradition that is thousands of years old and which has developed over the centuries a sophistication and a standard of values that enable it to withstand the temporary changes of fashion. Here, again, this is our strength as well as our weakness. On the one hand, we are not likely easily to be carried away by new and tempting ideologies; on the other hand, there is a resistance even to the change that is necessary to bring the minds of men into conformity with the needs of the twentieth century.

The third factor—and this is so fundamental that it colours and governs the whole of Indian action—is that India is a poor country. I have found it extraordinarily difficult to project, in any adequate terms, to the Western mind the picture of Indian poverty. The kind of poverty that prevails in India today is something that never prevailed in the northern half of the western hemisphere at all, and, though it did prevail in Europe, it disappeared so many centuries ago that nobody today can visualize at all what poverty in the true sense of the word means. The per capita income in India today is about $70 per annum; that of Canada is $2,050 per annum. It may help you to imagine how the average Indian is compelled to live if you were to attempt to limit your weekly expenditure on food, housing, clothing, transportation, medical relief, schooling, and everything else, to a dollar and a quarter. In physical terms, this means that the average Indian has even today not enough food or clothing, nor housing, nor schooling, nor medical care and, indeed, in various parts of the country, not even clean water to drink.

That is why, ever since we became politically independent and surmounted our initial problems of transition, our major concern has been with the economic development of our country. The responsibility for running the affairs of our country was regained by us only thirteen years ago. Indian independence was gained at the end of a war which had further impoverished an already poor Indian economy. It was accompanied by the partition of the country and by a dislocation in the administration as a result of the changeover. There was also the additional task of ensuring the political unity of India. As you may recall, India under the British was divided into British India, which was directly governed by the Goverment of India, and over 500 princely states, the rulers of which had very considerable internal political authority. On the termination of British rule, this patch-work had to be fused immediately into a single political whole. Otherwise it could well have caused the emergence of independent or autonomous states on the Indian subcontinent, leading to the balkanization and eventual disintegration of India altogether. It is characteristic of the Indian genius that these 500-odd princely states were absorbed into the Indian Union without a single shot being fired in anger, except in one particular instance. The princes still remain with their private properties intact and with pensions from the State, but without any political or ruling power. When revolutions of this nature have occurred in other countries, it has been more usual for the dispossessed to disappear along with their possessions.

The partition of India was accompanied by a great deal of localized violence and resulted in an influx into India of 7,000,000 to 8,000,000 refugees from West Pakistan alone. The administration was disorganized partly as the result of the withdrawal of the British element in the services, partly because of the decision of administrative cadres between India and Pakistan, and partly because of the merger into the Indian Union of the Indian states. Added to all this, was a Communist uprising in that state which caused, as I have mentioned, shots to be fired in anger. It is remarkable that all these difficulties were overcome within the short period of a couple of years, thereby enabling the Government and the people of India to devote their energies to the real and constructive tasks ahead.

The main task, and in our circumstances perhaps the only task, with which the Government of India was faced was the removal of the grinding poverty of the people. This was, of course, easier said than done, for increases in material production in a society too poor to afford the tools of production, is by no means an easy task. The process of economic development is complex, and the poorer the society, the more difficult it is to get started with this process. Increased production is almost a direct function of capital investment. Capital is nothing more than the difference between current production and current consumption. In all poor societies, and India is no exception, current production is so low that it can barely take care, even at subsistence level, of the consumption needs of the people. There are no savings and, consequently, no capital investment. Therefore, there is no increase in production, and the vicious circle continues growing, in fact, worse because population continues to increase all the time. No change from this situation can take place unless either capital is injected from abroad or is squeezed out of the people through further restrictions on consumption, which in a poor society cause infinite hardship and may even result in actual starvation.

The totalitarian answer to this dilemma of all poor societies is to create a political structure which is impervious to the discontents of the people. Having created a powerful and irremovable executive, you are then in a position of being able to compel your subjects to cut down their consumption regardless of the hardship and suffering this may cause. Resources thus saved are invested in order to increase production, and this further production is re-invested so that in a comparatively short period of time, a strong productive apparatus is created which can then satisfy the consumer needs of the people or be devoted to military purposes or, a little later, to both. This has been the method employed by the Soviet Union with the result that in forty years, it has converted itself from a condition of underdevelopment not very far removed from that of India today to one of the foremost industrial powers of the world. This is also the method that is being used in China, and the results already produced have been wholly remarkable.

This method was also open to us but we did not adopt it. We adopted instead a free and democratic constitution guaranteeing the citizens of India all the liberties that are usually associated with democracy. We have universal adult franchise, as a consequence of which we have the largest democratic electorate in the world today. The liberties of the individual, of speech, of association, of worship, of assembly, and the like, are protected by the constitution and are enforced by the Supreme Court. Nor is this all on paper. It is our pride that, in contrast to what has happened in many countries in our part of the globe, we have for the last thirteen years maintained as vigorous and as free a democratic system as is to be found anywhere in the world.

For this choice and this success, there are many reasons. First of all, the Indian historical tradition, though we have always had a monarchal and autocratic central government, has been one of democratic authority at the local level. The system of the Panchayat, which is now being revived, was essentially a democratic one. Secondly, the whole nature of Indian philosophy, religion, and tradition, makes the Indian highly individualistic and not willing to surrender himself, body and soul, to the authority of the State. Thirdly, one of the effects of the British connection over the last 150 years was that the British liberal tradition became part of the Indian mental make-up quite as firmly as it has done in Canada. Fourthly, and this explains greatly the success of democracy in India, we had had, before becoming independent, considerable training in the democratic way of life. And here, I refer not to the limited legislative assemblies set up by the British, but to the mass political movement led by Mahatma Gandhi. The Indian National Congress had been working for Indian independence ever since 1885. But from 1920 on, it became a mass movement with a country-wide organization with every office in it, from the leadership of the village to the Presidency of the Congress itself, held by election. The experience of millions of people working together for a quarter of a century on the basis of democratic equality in the task of achieving political independence for India, was so powerful a force in affecting the entire Indian scene that its results are not likely to be lost in a short time.

I have digressed from my main theme, which was to explain how the Government of India has tackled the basic problem with which it is faced. But it was necessary to explain why it was that we did not choose the weapons in our war against poverty which seemed the most suited for that purpose and why instead we adopted a form of political organization which, undoubtedly, in an underdeveloped society, stands in the way of economic development. The answer is, in short, that we are so firmly wedded to the democratic way of life that we are prepared to face the difficulties in order to maintain the freedom and the dignity of the individual. Whether we will in the future be able to maintain this system or not, is an open question. The hungry man or the homeless man is much more concerned with filling his stomach or being sheltered from the rain than he is with the abstract values of democracy. It is true that he values individual freedom also; but it is natural that he should value it somewhat less than those whose basic material wants have already been met. In societies of our kind, democracy can be maintained only if it is demonstrated that even under a democratic system, there can be material progress. The progress does not have to be spectacular; but it, nevertheless, has to be steady and it has to be sufficient to give hope to the man at the bottom of the social and material scale that his condition will not always remain as unbearable as it is today. If a system of social organization is incapable of giving to him that hope, then that system of society does not have very much chance to survive, nor indeed, would I say, does it deserve to survive.

Being faced with the task of the removal of poverty within the limitations of a democratic system, the Government of India decided to follow a system of planned economic development. A Planning Commission was established in 1950 to take stock of India's resources and India's needs and to draw up blueprints for integrated economic development on all fronts. This involved drawing up plans not only for industry and agriculture, but also for such basic social overheads as education and medical care. The First Five-Year Plan was completed in 1956; the Second will be completed at the end of this month; and the Third Five-Year Plan will start this year. During the last ten years, there has been an investment in the Indian economy, through both public and private channels, of about $22,000,000,000. The result has been an increase in the national income of about 40 per cent giving an average growth of 3.5 per cent per annum. Population, however, has grown in the meantime at the rate of just under 2 per cent per annum, with the result that per capita incomes have increased only at the rate of about 1.5 per cent per annum. If the Indian economy had been rich, a rate of growth of 3.5 per cent per annum could perhaps be regarded as satisfactory. But starting from a base of no more than $50 per head per annum, this increase has meant an increase in real incomes of about 2 cents a week, and this can hardly be regarded as satisfactory.

The Indian economy has, nevertheless, been diversified and strengthened and is in a position today to grow at a faster rate in the future. The production of food grains has gone up from 52,000,000 tons to 75,000,000 tons, though this is still short of our internal consumption. Cloth production has increased from 4,600,000,000 yards to 7,600,000,000 yards. Cement production has gone up from 2,700,000 tons to 8,800,000 tons. Steel capacity from 1,200,000 tons to 6,000,000 tons; 46,500 miles of surfaced roads have been built, and a number of new industries have been established, such as the manufacture of bicycles, of which we now make a million a year, and the manufacture of automobiles. The percentage of literacy has increased from 16 per cent at the time of independence to 40 per cent now; the number of school-going children has gone up from 23,500,000 to 41,100,000. Diseases like malaria and cholera, have been brought under control and virtually banished, while the number of hospital beds has increased from 113,000 to 160,000.

There has in absolute terms been considerable progress, but in relative terms it cannot be regarded as satisfactory. We feel that if the political and social stability of India is to be maintained and her free and democratic institutions are to withstand the onslaughts of discontents caused by material hardship, we have to do substantially better than we have done in the past. We feel that the rate of economic growth must be increased to a minimum of 5 per cent per annum, and our friends abroad who have studied the Indian situation agree that our assessment is in the nature of a minimum requirement. We, therefore, want to step up our rate of growth to this percentage. At the same time, we want to arrange our investment priorities in such a way that we should be able before long to finance the development of the Indian economy from the savings of the Indian people themselves without resort to aid from foreign governments. In order to get a 5 per cent rate of growth, there has to be an investment of around 15 per cent of the national product. The rate of savings in India ten years ago was 5 per cent; it is now about 8 per cent. We hope to be able to raise this to 11 per cent at the end of the Third Five-Year Plan, and to 14 to 15 per cent by the end of the Fourth. If we are successful in this effort, we should then be able to guarantee on the basis of our own savings, a rate of growth in the Indian economy which we feel will make our people satisfied and keep our society stable. The difficulty, however, is that the growth has to take place now and the savings cannot be generated till later. There is, therefore, a gap which has to be filled by imports of capital from abroad during the next few years.

During the last ten years, we have received aid from foreign governments, including your own, which has been of immense benefit to us. Out of the $22,000,000,000 invested in the last ten years, five-sixths were financed by resources raised from the Indian people themselves, one-sixth coming from abroad. We assess that in the next ten years we will need to invest in the Indian economy a sum of around $50,000,000,000, of which we hope to be able to raise $40,000,000,000 ourselves. I should like to point out that for a poor country such as India this is an enormous figure to ask the people of the country to save. It is even more difficult to achieve this target because the generation of saving in India, whether it is by txation or by borrowing or through other means, has to be done with the willing consent of the Indian people and cannot be imposed on them. This saving also represents a very much higher proportion of internal effort in the task of development than has so far been put forward by any other country similarly placed. We cannot, however, without disrupting our entire social and political system, hope to raise the remaining $10,000,000,000 internally. This must come from abroad, and we hope that friendly foreign governments will be able to assist us to the extent of a billion dollars a year.

The figure, when first stated, seems large, but when it is remembered that total national incomes of the developed parts of the world are today around $1,000,000,000,000 and that the annual increase from these incomes is between $30 and $40 billion a year, the figure tends to fall into proper perspective.

And I should not fail to remind you of the stakes involved. There are 1,200,000,000 people in the non-Communist part of the under-developed world. To all of them, the removal of poverty from among their midst is a categorical imperative from which their governments and their leaders cannot escape. There are two contrasting methods of economic development which hold the field today: the one exemplified by China, and the other by India. The Chinese experiment has a precedent; the Indian has not, for no large underdeveloped country has as yet developed over a short time span under a free and democratic institution. We do not claim to be engaged in an economic race with China; we are content to move along at our own pace as long as it is satisfactory enough to maintain the freedom of the individual. The rest of the underdeveloped world is watching with some considerable interest the progress of these two experiments. And if the Indian experiment, which is being carried on in better conditions than are available anywhere else in the underdeveloped world, cannot succeed, then it is likely to prove that the methods we have adopted were the wrong ones and do not provide the answer.

India today has proved that a stable democratic society is possible in a poor and underdeveloped country. India hopes to prove tomorrow that a democratic society also has the answer to the challenge of economic development. And in this task, we hope that we will continue to have the support of our fellow members of the Commonwealth.

THANKS OF THE MEETING were expressed by Mr. Douglas Best.

"THE TRUE NORTH, STRONG AND FREE"

An Address by

THE HONOURABLE WALTER G. DINSDALE
Minister of Northern Affairs and National Resources

Thursday, March 9th, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: My first words today must be to express the grateful thanks of the members of The Empire Club and its Executive to our distinguished guest, The Honourable Walter G. Dinsdale, D.F.C., M.P., M.A., Minister of Northern Affairs and National Resources in the Federal Cabinet, who very kindly and with very little notice agreed to speak to us today in the unavoidable absence of the Minister of Justice, The Honourable Davie Fulton. Mr. Fulton had fully expected to be with us, had indeed prepared his speech for that purpose, but in a last-minute decision it was determined that his presence was needed with that of the Prime Minister in attendance at the very important Commonwealth Conference which is now proceeding. We are hopeful that Mr. Fulton may be with us on a later occasion.

To you, Mr. Dinsdale, on, I believe, your first visit to The Empire Club, we extend a very warm welcome indeed.

Since 1951 Mr. Dinsdale has been a member of the House of Commons, representing the Brandon-Souris Riding and having been successively and sucessfully re-elected in 1953, in 1957, and in 1958. For two years, he held the important post of Parliamentary Secretary to the Minister of Veterans' Affairs; and on October 11, 1960, he was sworn in as Minister of Northern Affairs and National Resources, the post which he presently occupies.

Mr. Dinsdale is a graduate of Brandon College and McMaster University, from which latter University he obtained his Bachelor of Arts Degree in 1937. In 1951 he obtained his Master of Arts Degree from the University of Toronto. Shortly after his graduation from McMaster, Mr. Dinsdale became a social worker with the Salvation Army, operating both in Toronto and Montreal for a period of three years. Much of this time was spent in prison work; in Toronto, at the Don Jail and in Montreal, at the Bordeaux Jail and St. Vincent de Paul Penitentiary. Following this valuable background experience, he was appointed Director of Adult Education and Assistant Professor of Social Services at Brandon College, University of Manitoba, which post he occupied from 1946 until 1951.

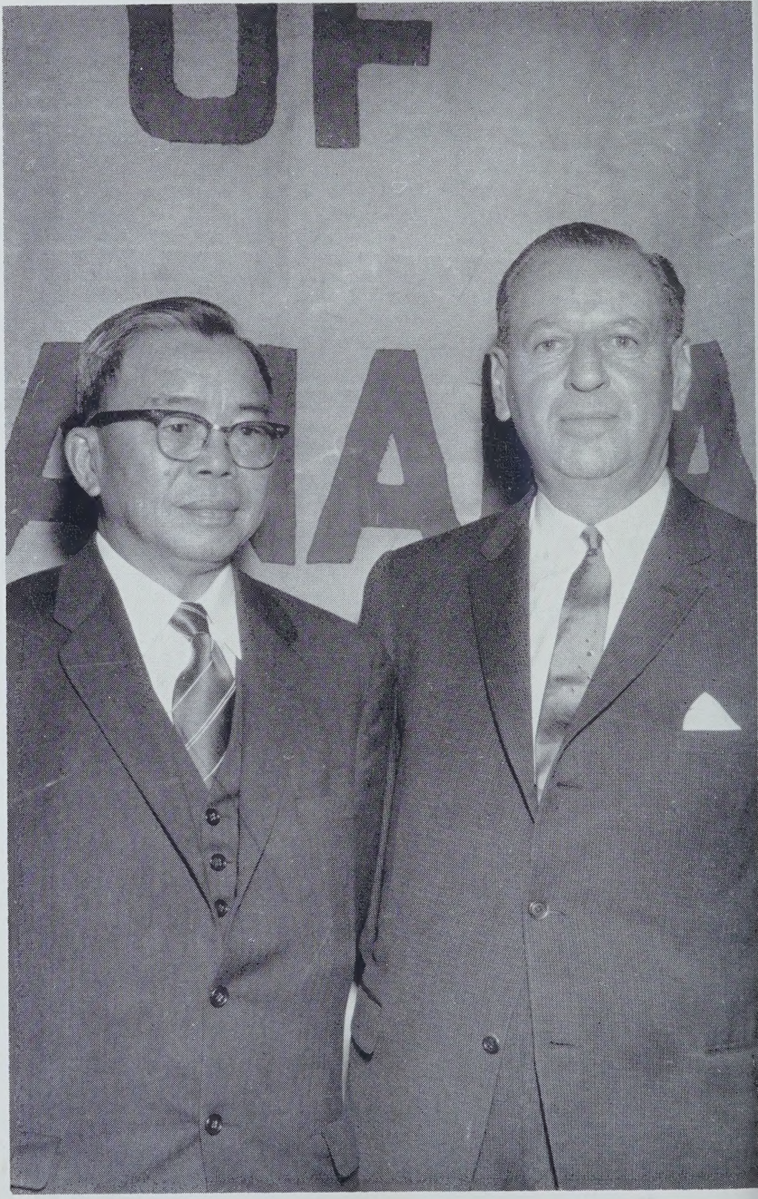
For five years, he rendered invaluable war services to his country as a member of the Royal Canadian Air Force. His hobbies are photography, flying, and music. Mr. Dinsdale is married and has three sons and one daughter.

In the important post which he now occupies, he is most enthusiastic about Canada's northern development, and it is with great pleasure that I ask him now to address you on a subject of his own choosing, "The True North, Strong and Free".

MR. DINSDALE: Mr. Chairman, distinguished—or should I say fellow politicians—distinguished head table guests, and gentlemen of the Empire Club. When I received the invitation to substitute for my friend and colleague, The Honourable Davie Fulton, the other day, the horrible thought struck me that it might be anticipated this afternoon that I would continue along the same topic that he had selected, namely, The Columbia River. That is a subject that will eventually come under the purview of the Department of Northern Affairs and National Resources.

At this stage I did not demonstrate any enthusiasm to fill the shoes of my distinguished colleague who has been carrying on this important subject. That happened for several reasons: first of all, I am from Manitoba and not

AMBASSADOR BRAJ KUMAR NEHRU MEETING, MARCH 2ND, 1961
From Left to Right: Ambassador Nehru and Alexander Stark



Ambassador Tingfu F. Tsiang Meeting, April 27th, 1961
From Left to Right: Ambassador Tsiang and Alexander Stark

from the Province of British Columbia. I must say that we Manitobans, who move along the even tenor of our ways politically as contrasted with the Province of British Columbia, would feel very much out of place if we attempted to adapt ourselves to the rarified atmosphere of that mountainous region, particularly in political matters. So that when I, gentlemen, suggested that I must be allowed to select a topic of my own choosing, well, I was very delighted I must confess when that suggestion was accepted.

I know that there are many of you here this afternoon who are disappointed. I have been introduced to several of the gentlemen here, and one of them thought he was meeting Mr. Fulton. I know he is going to be awfully disappointed when he wakes up to the grim reality of the situation. I think I can only use a little parable that was prevalent on the prairies during the days of the depression—the "dirty thirties", as they are often referred to—when one of the annual social events (which every rural community indulges in out on the prairies) felt the full impact of this unfortunate economic situation—the annual spring-summer strawberry social. Almost invariably during those years of depression we would see this sign announcing the annual strawberry festival: "Owing to the depression it is announced that prunes will be served." You come anticipating strawberries, and what are you going to get? Well, we will not put a designation on it.

I think it is most appropriate, Mr. Chairman, that you have asked The Minister of Northern Affairs and National Resources to speak to you today, to an Empire Club "do", because actually the Department of Northern Affairs is the last "great outpost of empire", in the old sense of the word. My territory constitutes 40 per cent of Canada's total land area, and it is the only territory in Canada where the old form of colonial government still persists. Therefore, I am an "empire builder" in the literal as well as the theoretical sense of the word. Today I am going to just very briefly discuss some of the things that are taking place in this very important part of Canada north of the sixtieth parallel of latitude.

I have succeeded another westerner in this position, The Honourable Alvin Hamilton who, during the three years that he occupied the position, captured the imagination of Canadians everywhere as he unfolded his vision of Canada's "True North, Strong and Free". It seems entirely logical that a Manitoban should succeed someone from Saskatchewan in this important portfolio. As a Member of Parliament for a Manitoba constituency, I have long had a northern orientation. My own province was carved out of the Northwest Territories as far back as 1860, when it was the first province actually to be formed out of the track-less prairie. It was in Manitoba that the "Granary of the World" dream first began to become a reality, and my own home-city of Brandon still carries the designation, "Wheat City of the West", even though today the centre of gravity for the wheat economy has moved much farther westward than Brandon. Indeed, all of Manitoba and all of the prairie provinces which originally made up a large segment of the Northwest Territories are striving mightily toward a diversified and balanced economy.

Manitoba has long been a pioneer in northwest development. We see the wisdom of John A. Macdonald's national policy when he described the emphasis as jumping from wigwam to wigwam. Settlers were always pouring into the Manitoba farmland. My own father came west in the early nineteen hundreds under the influence of Sir Clifford Sifton's slogan, "Go west, young man". It is an interesting coincidence to note, that at the time Mr. Sifton was the Minister responsible for the Department of the Interior, he was also the Member for Brandon, Manitoba.

Under the influence of this slogan, my father homesteaded in Saskatchewan, at Elbo, Saskatchewan, and went broke the first year. They talk about rural-urban migration today; well, he became a part of that pattern way back in 1906, because he settled in a sub-marginal water area in the district that is now seeing that great project, the South Saskatchewan Dam. If he had only waited long enough; if his faith and vision had only been strong enough, he would have had lots of water in due course. But he left the farm and moved into the City of Brandon.

Manitoba, too, was one of the first provinces to penetrate into the Pre-Cambrian Shield, and stations such as Flin Flon, Lynn Lake, Lake Thompson, Moch Lake, are well-known names. We have Port Churchill, which is still the only seaport on the Arctic seas. I understand, Mr. Chairman, that Ontario has some ambitions in that regard, but I think we can still say that Port Churchill is the only seaport on the Arctic seas, and we have pointed the way to the development which is now underway right across Canada north of the sixtieth parallel. The amazing thing to me is that this development has come about so slowly.

Back at the turn of the century, there was a surge of settlements as thousands rode the Klondike Trail into the Yukon Territory. There have been cities spring up like Dawson, which reached a population of 28,000 within a few years. Then the gold bubble burst and for fifty years the territory of Canada's North lay dormant, forgotten, and neglected.

The picture has changed dramatically, so today at long last Canada's northland is coming into its own. And well it might, because it contains resources, minerals, gas, and oil in fantastic quantities, so the geologists tell us. It is made up of large segments of the Pre-Cambrian Shield, larger than the Pre-Cambrian Shield area in Ontario. Ontario has many wonderful mining developments. It has sedimentary areas which are even more promising in terms of oil production than those found in the Province of Alberta, and these extend right up into the Arctic islands. Then on the west coast we have the Rocky Mountain region which is already under very active exploration and development in the Yukon Territory.

In many respects I submit to you, gentlemen, that Canada's new drive towards industrial development is dependent upon how we develop all these national resources.

Governor-General Vanier put his finger on the pulse of the matter recently when he described the challenge in the following terms: "Canada's vast unoccupied continent to the north constitutes the fiercest challenge and the brightest promise that has ever fallen to one nation's lot in recorded history". That is a strong statement and the question arises: What are we doing about it? My quick answer is that we are doing a great deal about it. We believe it is the duty of government to assist private enterprise in the development of this area. We recognize that these resources belong to all the people of Canada, who must share in their benefits. We recognize, too, that the role of government must be active rather than passive as it has been during the past fifty years.

At the same time in a free society it is private enterprise which has the vital role to play in the actual development of these resources. In any resource development programme in Canada, it is axiomatic that transportation has the highest priority. Unless we can get to the resources, it is obviously impossible to go into production or even to assess adequately what we have. Already we are building access roads to the resources both in the Northwest Territories and in the Yukon Territory, and these are being built through the most promising areas of high mineral potential. Slowly but steadily, a road grid is taking shape in the Yukon as well as in the Northwest Territories. The highway reached Yellowknife last fall, and a programme is underway to extend it north-eastwards to reach the mineral deposits in the Canadian Shield. This road programme is planned flexibly so that we can take advantage of new discoveries as they occur.

There was quite a significant occasion last summer when the first road reached Yellowknife. It was made the occasion for a gala celebration, because actually it was a significant event. This was the first time that the Territories as we know them today had been linked by road to the southern parts of Canada. We are hoping—and hope and vision are the very life-blood in everything we are doing in Northern Affars today—we are hoping that the first link by rail will be established with the Territories with the construction of the Pine Point Railway into the Great Slave Lake region with its high mineral potential.

That is just a very brief reference to our roads-to-resources programme for the next twenty years in the construction of twenty-five hundred miles of roads. We are currently in negotiation with some private enterprise groups to build a road that we hope will bring into production the first space-age metal development. This is a new move on the northern development front, and we believe it is just the beginning of similar developments of this kind.

Also one of the essentials for satisfactory northern development is a sound framework of policies by regulating and encouraging investment and also ensuring that the pattern of development is in the best interests of the country as a whole. Until very recently, the regulations in force reflected the thinking of thirty years ago. The rules were obviously in need of up-dating and revisions made to meet current needs. During the past two years, the Department and the government have been busily engaged in a major revision of both the regulations applying to oil and gas development as well as of regulations applying to mining development.

Yesterday I spoke to the Prospectors and Developers Association, and that was actually the first official statement outside the House of Commons with respect to our new mining regulations. This introduces a Canadian participation feature for the first time in this kind of development, a participation feature which is designed to protect this resource development for the general good of the Canadian population in the future, to encourage investment by Canadians in these resources and, as I emphasized to these men and women who are active in the field, it is in no way designed to discourage what we sometimes refer to as foreign investment. The emphasis is on the encouragement of Canadian investment and not on the discouragement of foreign investment. To avoid any implications of that kind, the Canadian participation in both oil, gas, and mineral regulations only becomes effective at the production stage, not at the exploration stage. We want exploration to proceed as rapidly as possible, and there are no restrictions in so far as exploration activities are concerned.

We believe that, in general, these regulations should encourage development without waste of resources or of capital. They protect the rise of Canadians to participation in the ownership of producing companies and in profits which may be made. And finally, the oil and gas regulations provide a share in any discoveries for the nation as a whole through a Crown reserve system.

I presume, Mr. Chairman, that most of the members of this Club are businessmen, and I hardly need remind you then that industry does not play for marbles or peanuts as we sometimes say, nor does it commit its funds for long-term operations to development areas as costly and as difficult as the North without due calculation and without very careful thought.

The most practical recognition of the North as a potential source of oil and gas lies in the fact that since exploration began in 1957, the oil industry has invested some $30,000,000 in northern exploration. Over the next ten years, indications are that more than $300,000,000 may be spent—a figure that could go much higher. The areas of greatest drilling activity lie within the Laird and Fort Good Hope plains. Some thirty to forty oil companies are taking part in the exploratory programme. About twenty wells have been started and about $6,000,000 will be spent for direct drilling expenses this year and $1,000,000 more for roads, transportation, and supplies.

Wells drilled in 1961 are already in areas where seismic work has been done. This cuts down random drilling. Seismic operations have been increased considerably over the last year, an increase that should be reflected in a larger drilling programme for 1962. About ten seismic crews have been working up in the Arctic lands during the past winter. Today we accept all this in the matter-of-fact way that we accept news about development in any other part of Canada. The measure of our lack of credulity at the idea of oil camps in the Arctic islands is a fair indication of, I believe, one of the most extraordinary changes that has come over Canadian thinking in many days. That is a willingness to accept the North as a vital and integral part of our whole Canadian nation.

There was a time when we used to beat our manly chests and talk about Canada as a nation of the North, and most of us got as close to the American boundary as American immigration laws would permit. It was still very much at the talking stage—no action at all was occurring.

So much for the national resources of the North. That is a subject we could go on discussing for a long, long time, but let us just refer for a moment to the human resources of the North.

In this tremendous land area, some 400,000,000 square miles (I think it is 40 per cent of Canada's land area), only 35,000 people live, and 12,000 of these Canadian citizens are the Eskimo population. There are large numbers of Indians, Scandinavians, French, Irish, Scottish, just as there is a great variety of groups in any other part of Canada.

This penetration of the North with a determined policy of northern development has created huge social problems that are quite formidable, as you might well know, and consequently it means that once you embark on northern development, you have to think immediately in terms of education, health, welfare, and general community services.

This is Education Week in Canada, and I think one of the most interesting educational programmes taking place anywhere in this nation at the moment is among the population of the Northwest Territories. Up until just a few years ago, the only educational activity was carried on by the churches. We had both the Anglican and the Roman Catholic Churches, which had done some marvellous, inspiring work in the North.

Since the government has moved into this area, splendid schools with all the facilities of our best schools here in the South have developed, and one at Yellowknife was opened recently which has words inscribed on the front which I think express the spirit of the early pioneers of the North and also express the spirit of what we are striving to do today. These words are as follows: "This school was founded upon the vision of those who first came north, the prospectors, the miners, the bush pilots, the missionaries, the practitioners and administrators, and upon their faith in the future of the North"; and then it quotes that scripture, "Your old men shall dream dreams and your young men shall see visions".

Faith and vision have always been very vital ingredients in northern development. As a tribute to the missionary pioneers in the North and also to the explorers, we have recently decided to name various schools and hostels after these men and women. That will perpetuate the pioneering work that they undertook at such tremendous sacrifice and personal cost.

But what is taking place today in terms of education?

In 1957 about 21 per cent of the population of the children in the North were in schools. Today 60 per cent are in schools. In that same year, there were seventy-two classrooms. Today there are 188 classrooms. The programme has moved forward very quickly as you can see, and I think it is one of the most unique school systems to be found anywhere.

In the schools you will find most people in the first three grades. We have over 50 per cent of our Eskimo population at least in the first three grades, and they are making a very rapid adjustment, so I am informed, to the demands of this complex twentieth century. I am very encouraged by their response, and it is to be anticipated, because the Eskimo is moving directly from a culture which gives all the self-confidence in the world. The Eskimo has no feeling of inferiority and has not been subject to paternalism in any shape or form. He has had to wrestle with the Arctic wilderness, and he is proud of the fact that he has been able to survive where the white man cannot survive. So that anything the white man can thrust at the Eskimo in the educational process, it seems that the Eskimo is able to take it in his stride.

Along with the educational programme, there is also a health programme. One out of every sixty-seven Eskimos suffers from tuberculosis, and a programme is underway now to deal with this health problem as quickly as possible. It is interesting to note that under the Department of Northern Affairs, welfare and industry are combined under the same branch. The situation, of course, is that we do not want the Eskimo to be subjected to the same paternalistic problems that our native Indian population was by segregating them on reservations. We want the Eskimo to become a vital and integrated part of our total Canadian culture, so that if he does become a welfare case, in the ordinary sense of the word, immediately the processes of our industrial division are set into action to try to make it possible to fit him into a useful economic role in the North.

A typical example of what is occurring is the development of Eskimo art, both graphic and the soapstone art. One of the interesting developments in the world of art in the past two years has been the excited response not only in Canada but also in the United States and now in Europe, to the advent of a genuine Canadian folk art—the Eskimo graphic prints.

It was my privilege just last week to open the current exhibit on behalf of the Cape Dorset Eskimo Co-operative. They extended the invitation—I didn't ask to be given the job—*they* contacted me. They have hired their own business manager who is well-known in artistic circles in Canada. They wrote to me and asked if I would preside at the opening, and the prints are going to be distributed through various galleries across Canada, in New York, and in Europe. The number that were available in Ottawa were snapped up during the evening of the first exhibition. I say it is one of the most exciting developments in art circles on an international basis at the present time. This is the sort of thing that is taking place.

Another interesting economic development is tourism. The North is aware of its potential as a tourist development area. Communities like Yellowknife, Hay River, and Inuvik in the Mackenzie River Delta—modern communities in all respects—have responded magnificently, and the Department's appointment of a development officer in connection wiht fish and wildlife in the Northwest Territories took on significance in January of last year.

I do not have to go into detail on the tourist potential of the North because it is one great, vast tourist paradise—just two examples, however.

Last year there was a buffalo hunt organized in Wood Buffalo National Park which drew many American sportsmen. A considerable expansion of tourist facilities took place when several new fishing camps were established in the Mackenzie River district. There is a new hotel going up at Inuvik and also at Hay River, and then there is an Eskimo-run fishing camp at Cape Dorset. This Cape Dorset community is a very lively and active community on South Baffin Island, and some of the tallest fish stories of last year came out of experiences in that particular camp. Visitors who come up to Cape Dorset are permitted to bag a seal on licence, provided the Eskimo community receives the seal meat. They were too busy enjoying themselves to envy the buffalo hunters in the Wood Buffalo National Park.

There is another interesting tourism development taking place under the tutelage of Tom Patterson of the Stratford Festival. He has been hired by the Dawson City community to revive a Klondike Festival which it is hoped—and I use that word, "hope", again—will take place in the old Auditorium Theatre in Dawson City and will try to recapture the pioneering spirit which drove our forefathers in such great numbers north of the sixtieth parallel in pursuit of hidden wealth back in 1898.

The wealth is still there, but not in the form dreamed of by those who hit the "Trail of Ninety-Eight". It is there in rich scenic beauty of breath-taking grandeur. It is there in mineral deposits and oil, and it might well exist in quantities far beyond the known resources of Alberta. As I have indicated, the search for oil extends to even the remote Arctic islands. When one considers it is only half the distance to the Middle East oil supplies; when one considers the political instabilities in the world at the present time, the potential for future development becomes obvious.

This then, Mr. Chairman and gentlemen, is just a glimpse into the consideration being paid to national development by the Department of Northern Affairs and National Resources. I believe it is something to catch the imagination and inspire the efforts of Canadians everywhere. As I have indicated already, it is doing this.

I have dwelt almost entirely on the northern affairs aspect of the portfolio this afternoon. I could have gone into national resources, because under national resources we get down into the development policies in the provinces, our national parks, our historic sites, our camp grounds and picnic site programmes, water resources, and power development. I could have talked at length on the Resources for Tomorrow Conference which is being planned to take place in Montreal next October. It will be the first time in Canadian history that the provinces will come together with the Federal Government to discuss and consider policies relating to the development and exploitation of our renewable resources, soil, water, fish, wildlife, recreation, and other resources. It is going to mark, I believe, a new era in Canadian resource development.

In 1867, Canada was an imposing ideal, but a very unimpressive reality. The ideal was dazzling, a great and united nation stretching away from Atlantic to Pacific. Yet the part of the country where we sit today discussing the visions of tomorrow, was little more than squatter communities along the St. Lawrence waterway. The pessimists said Canada could never become an independent nation united from sea to sea. Notwithstanding the pessimists, we see all around us in less than one hundred years, ample evidence of a prospering metropolitan community of some 2,000,000 souls. It took faith, vision and hard work to make the dream come true. Now we contemplate not only a Canada from east to west, from sea to sea, from Atlantic to Pacific, but also northward to the Arctic Ocean.

This three-dimensional dream can become a reality sooner than we think if we have the eyes to see and the courage to carry out the vision. Canada is a northern nation. We sing about it in our songs, about the "True North, Strong and Free". We will not occupy our national heritage until we answer the challenge laid down in the statement of our Governor-General that I quoted at the outset of these remarks, "Our history has been a history of men challenging and overcoming great obstacles".

The challenge was never greater, and the opportunities were never greater than those we face in the second half of the twentieth century.

THANKS OF THE MEETING were expressed by Mr. Donald H. Jupp.

“IMPERIAL PREFERENCE AND GATT”

An Address by

L. DANA WILGRESS
Distinguished Canadian Diplomat

Thursday, March 16th, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: This is the day of initials. Important international organizations are no longer known by their long-winded names, but simply by their first letters. It would be quite accurate, if not particularly enlightening, for me to introduce Mr. L. Dana Wilgress to you today simply by saying that he is chiefly known for the prominent part he played in NATO, ECOSOC, GATT, in PJBD and in OEEC. However, it would not be fair to Mr. Wilgress or you to leave it at that. The fact is that Mr. L. Dana Wilgress has served his country well and in two very important capacities, both as an economist and as a diplomat.

He was born in Vancouver in 1892. He was graduated in Japan and in Victoria, British Columbia. He graduated with honours in Economics and Political Science from McGill University, Montreal, and he first joined the Canadian Government Service in 1914, when he entered the Department of Trade and Commerce.

In the early years of his career, he acted as Trade Commissioner, carrying out important trade missions in the United Kingdom, Germany, Southeastern Europe, the Soviet Union, and China. In 1932, he was made Director of Commercial Intelligence in the Department of Trade and Commerce in Ottawa; and in this post, he played a large part in planning Canadian economy during 1938 and 1939. One year later, he was appointed Deputy Minister of Trade and Commerce.

However, in 1942 he changed over to the career of the diplomat, and he had the honour of being appointed Canada's first Minister to Moscow in 1942, being promoted to Ambassador in 1944. In 1947, he was appointed Minister to Switzerland, with the rank of Ambassador; and from 1949 to 1952 he served as Canadian High Commissioner in London.

Mr. Wilgress has had great experience at international conferences, and that brings us to the initials. He attended the first three sessions of the United Nations General Assembly and the seventh session of the ECOSOC (Economic and Social Committee of the U.N.). He was one of the framers of GATT which, as everyone knows, means General Agreement on Tariffs and Trade; and he has attended practically all GATT conferences since 1946. In 1953, he became Canadian Permanent Representative to NATO and only retired from that post in October of 1958.

Mr. Wilgress is one of those men who does not stay retired. Since his nominal retirement from the Department of External Affairs, the Government calls on him from time to time, chiefly in the role of trouble-shooter. He led the Canadian delegation to the meeting of Technical Experts on minimizing the possibility of surprise, a conference which was held in Geneva in November of 1958. His latest important appointment was as Chairman of the Canadian section PJBD, that is to say, Permanent Joint Board on Defence, Canada and the United States, to which he was appointed in April, 1959.

Some forty years ago, in 1919, Mr. Wilgress married Olga Buergin, a Russian by birth. At that time he was acting as Trade Commissioner in the USSR. His family consists of two sons and one daughter.

I have great pleasure in now presenting to you a very distinguished Canadian diplomat, Mr. L. Dana Wilgress.

MR. WILGRESS: It affords me much pleasure to be meeting with you today and talking to you about matters of interest to your Club. Your Executive invited me to speak to you about GATT, of which I was the Chairman for the first three years of its existence and again for another period of three years from 1953. I have thought, however, that it would be better to relate what I have to say about GATT to a subject which is of very direct interest to the Empire Club of Canada. It is for this reason that I have chosen as my topic for today the subject of "Imperial Preference and GATT".

The relation of GATT to Imperial Preference is often not properly understood. In Great Britain, GATT is frequently attacked as an obstacle to the further extension of preferences. This is due to the provision which precludes new preferences or the enlargement of existing preferences. However, it is partly due to GATT that the whole system of Imperial Preference has received unqualified recognition as a well-established exception to the operation of the most-favoured-nation clause, or the principle of non-discrimination. Nor is it widely understood that one of the motives for the negotiations leading up to GATT was an attempt to eliminate some of the discriminations inherent in the system of Imperial Preference.

For seventy years from the conclusion of the Franco-British Commercial Treaty of 1860, Great Britain was the main upholder of the most-favoured-nation clause. This was seen as the commercial policy counterpart to the doctrine of Free Trade. It was for this reason that Canada's moves in the direction of Imperial Preference at the end of the last century met with no response from Great Britain. Undismayed, Canada contributed further to the evolution of the system by incorporating bound margins of preference in the trade agreements concluded with the British West Indies and, later, with other Commonwealth countries. Thus the stage was set for the conclusion of the Ottawa Agreements in 1932; these agreements having been made possible by the introduction of a protective tariff by Great Britain, thereby signifying the abandonment of Free Trade.

A short time later, the cudgels on behalf of the most-favoured-nation clause were taken up by the United States. Mr. Cordell Hull made it the cornerstone of his reciprocal trade agreements programme. They had to recognize that the preferences exchanged between British countries were exceptions to the operation of the clause, but they hoped to work towards the elimination or reduction of preferences through the trade agreements programme. Then came the war and in August 1941, Winston Churchill and Franklin Roosevelt met off the coast of Newfoundland to draw up the Atlantic Charter. Largely on the prompting of Mr. Sumner Wells, the President urged that there be included in the proposed charter a commitment for the dismantling of the British Preferential Tariff System. Churchill stoutly resisted and succeeded in securing the insertion of the words, "with due respect for their existing obligations". Subject to this proviso, the Charter contained a commitment to further the enjoyment by all states of access, on equal terms, to the trade and raw materials of the world.

A more explicit undertaking with regard to preferences was included in the master Lend-Lease Agreement—also concluded during the early period of the war. Article VII of that Agreement, after referring to the promotion of mutually advantageous economic relations, provided for agreed action directed, among other objectives, "to the elimination of all forms of discriminatory treatment in international commerce".

After the war, steps were taken to give effect to these commitments. In December 1945, the granting of a post-war loan to the United Kingdom coincided with the signing of the Anglo-American Financial and Commercial Agreement. This contained a provision for the discussion by both governments on agreed action to attain the objectives of Article VII of the Lend-Lease Agreement. Hence, the principles enunciated in that Article were made the starting point for concrete acton to secure the liberalization of world trade.

The agreed action took the form of a joint statement by the British and United States Governments, which indicated that the two governments had undertaken to begin negotiations between themselves and with other countries relating to all types of trade barriers. The negotiations were to be based on a document entitled, "Proposals for the Expansion of World Trade and Employment", drawn up by the United States Government and made public at the same time as the joint statement. These proposals envisaged "mutually advantageous concessions", providing for the elimination or reduction of preferences and customs duties. They foreshadowed the setting up of an International Trade Organization, or ITO, that would promote commercial co-operation between nations and the carrying out of the agreed principles. These principles were essentially liberal, and the most basic was that of non-discrimination as exemplified in the most favoured nation clause.

Thus it was that for over six months at Geneva in 1947, twenty-three countries carried on the first multi-lateral tariff negotiations ever attempted on any large scale. The experiment proved to be a great success. The results of the negotiations were embodied in a multi-lateral tariff agreement known as the General Agreement on Tariffs and Trade. It was the initials of this agreement that gave rise to the word, "GATT".

To the great disappointment of the Americans, the Geneva negotiations did not succeed in making much of a dent in the British preferential tariffs. The Commonwealth countries sought refuge in the phrase, "mutually advantageous concessions". They were more ready to buy concessions from other countries through reductions in most favoured nation rates than through reductions in preferences. The preferences were interlocked by the system of bound margins agreed upon at Ottawa in 1932. This made it necessary to secure the consent of the receiver as well as of the giver of the preference. The receiving country was usually reluctant to grant such consent, except in terms of what the other party considered an unreasonable *quid pro quo*. A major achievement from the American point of view, however, was the provision in GATT that no new preferences could be introduced, nor could existing preferences be increased.

At the same time as the tariff negotiations were underway, a Preparatory Committee was drawing up a draft charter for an ITO. The original United States proposals were being watered-down by attacks from two quarters. One came from the underdeveloped countries who saw in the principle of non-discrimination, a device to favour the economically strong countries at the expense of the weak. They attached importance to the use of quantitative restrictions and bi-lateral deals as a means of furthering their economic development. The other attack came from the neo-Keynesians who were fearful that rigid adherence to the principle of non-discrimination might interfere with national policies of full employment and lessen the ability of smaller countries to protect themselves against a falling-off in economic activity in one of the major countries.

The resulting draft charter for the International Trade Organization was submitted to an international conference which met at Havana and was attended by representatives of sixty-four countries. There, the underdeveloped countries were much more numerous. The result inevitably was a further watering-down before an acceptable compromise could be reached in the form of an agreed charter.

In the light of subsequent events, one of the compromises reached at Havana is worth recording. The Latin Americans, in particular, had been attacking the "no new preference rule" as unfair to the underdeveloped countries. They argued that, unlike the British countries, the underdeveloped parts of the world had not yet had the time to evolve preferential systems of their own. To meet this criticism, the concept of a free trade area was worked out and offered to the underdeveloped countries. The Geneva draft had contained a provision for customs unions being recognized as exceptions to the operation of the most favoured nation clause. This was necessary because customs unions are a recognized exception of long standing. Moreover, the Benelux customs union was then in the process of formation. The concept of a free trade area with a different external tariff for each national unit was something new.

In my opinion, the granting of this concession to the underdeveloped countries was a mistake. It would have been better to have allowed them to conclude preferential arrangements designed solely to facilitate economic development. This would not have permitted developed countries to take advantage of this exception to the most-favoured-nation clause. It is important that any such exception granted to the developed countries should meet the criteria of being easy to define yet difficult to attain. A customs union fulfills these criteria—a free trade area as defined in GATT, much less so.

As you all know, the Havana Charter was never ratified by the United States Congress. The Senate felt they would be delegating too much authority over trade and tariffs to an international organization. This meant that the ITO never came into existence. GATT, however, was already in existence. The articles of GATT reproduced many of the commercial policy provisions of the Havana Charter. It had been the intention that GATT should be administered by the ITO. There had, however, been included in the articles of GATT one sentence reading as follows:

> Representatives of the contracting parties shall meet from time to time for the purpose of giving effect to those provisions of this Agreement which involve joint action and, generally, with a view to facilitating the operation and furthering the objectives of this Agreement.

It is on the basis of this simple provision that meetings of GATT have been held regularly over the past thirteen years. It is on no more solid foundation than this that GATT has come to fill the need for a forum in which commercial policy questions can be subject to international review on a world-wide basis.

It soon became realized that something more substantial than this provision was necessary if GATT was to have the standing required to make its influence fully effective in world trade. At a review session held in the winter of 1954-55, an Agreement on the Organization for Trade Co-operation was drawn up and submitted to governments for ratification. Once again, the United States Senate failed to ratify. It was said that they did not approve of this attempt to have the Havana Charter ushered in through the back door. So it was that GATT has continued to function under the simple provision I have just quoted.

Another little-known fact about GATT is that the Agreement is only being applied provisionally and not definitively, as provided for in the articles of the Agreement. All that countries have done is to adhere to a Protocol of Provisional Application. This was originally drawn up to enable certain countries to sign on October 30th, 1947, and thereby permit the tariff concessions exchanged between them to come into effect provisionally on January 1st, 1948, pending a definitive approval of the whole Agreement according to the constitutional procedures of each country. The Protocol of Provisional Application permits any country to withdraw from the agreement on sixty days' notice.

You are no doubt asking yourselves how it is that an organization based on such a slender legal foundation should be steadily growing in size and influence with more countries adhering each year. The answer is that, first of all, GATT fills a real need. It provides a forum for the discussion of commercial policy questions on a world-wide basis. Secondly, the contracting parties to GATT are bound together by the exchange of numerous tariff concessions, those agreed upon at Geneva in 1947 being later augmented through further rounds of multi-lateral negotiations that took place at Annecy, Torquay and Geneva (in 1956) and Geneva again this year. A country would have to think very carefully about the consequences if it should contemplate withdrawing from GATT. That would mean losing the benefit of the many reductions in duty incorporated in the schedules to the Agreement and thus subjecting its products to tariff discrimination. This more than anything else, may be said to bind the GATT countries together.

For nearly twenty years commencing with the outbreak of the second World War, Canada derived little benefit from the tariff preferences accorded by other British countries. This was because, being outside of the sterling area, Canada had to be subject to discrimination for balance of payments reasons. To protect their balances of payment, the other British countries were compelled to introduce quantitative restrictions and discriminate against imports from the dollar area. In such a situation, the tariffs of these countries had little influence on trade, and, hence, tariff preferences were meaningless.

When GATT was negotiated, this situation had to be recognized. The use of quantitative restrictions was permitted to protect a country's balance of payments. A country was permitted to discriminate if it could import from one source rather than another with less danger to its balance of payments. Canada accepted this situation but looked forward longingly to the day when balance of payments difficulties would no longer justify the use of quantitative restrictions, and tariffs would once again be the chief influence on trade. This day came rather suddenly at the end of 1958, when the Untied Kingdom, followed by one European country after another, declared for the external convertibility of its currency. This removed the justification under GATT for quantitative restrictions imposed for balance of payments reasons, and we have witnessed since then the progressive removal of this form of trade barrier.

Under the new situation, Imperial Preference once more was of practical value to Canadian trade. The other Commonwealth countries found they could purchase North American-type goods; and of the two sources from which such goods could be obtained, Canada enjoyed a tariff preference over the United States. That explains the present buoyancy in the demand for Canadian products in the United Kingdom and in other Commonwealth countries. Some of this trade may prove to be of a transient character as United Kingdom and other Commonwealth manufacturers will adapt themselves to making the same type of goods, but much of the trade will be permanent in that the footing established by Canadian exporters will be utilized for a steady expansion of sales. In the meantime, it has afforded a very practical demonstration to Canadians of the value of Imperial Preference.

The present situation would be an ideal one from the point of view of Canada if it were not overshadowed by the existence of two rival trading groups in Europe. The emergence of these two groups is a long and complicated story, and in the time at my disposal, I can only touch upon some of the salient points as they affect Imperial Preference and GATT.

The first point to be mentioned is that throughout the post-war period Great Britain has been confronted with the difficult task of reconciling her relations with the Commonwealth and her relations with Europe. For a long time, they skilfully avoided having to make a choice between the two, but they have been faced with this dilemma ever since the negotiations for a free trade area to be associated with the European Common Market, broke down in December 1958. The choice they eventually make is bound to have a great influence on the future of Imperial Preference.

The second point worthy of mention is that, shortly after GATT had been negotiated, there took place a significant shift in the United States' approach to the problems of commercial policy. This change may be described as one from a global to a regional approach. Canada, however, continued to remain steadfast to the global approach or multi-lateralism. This explains why we have always been strong supporters of GATT.

With the introduction of the Marshall Plan in 1947, the main influence on United States' economic policy began to be exerted by the Economic Co-operation Administration, or ECA, rather than by the State Department, who had sponsored the ITO and GATT. The approach of ECA was a regional one. They wished to see the weakened economies of Western Europe restored as rapidly as possible so that they would cease to be dependent upon United States' aid. Their favourite instrument became the Organization for European Economic Co-operation or OEEC, and GATT was shoved into the background. OEEC had been formed to divide up Marshall Plan aid. When that task had been more or less completed, Mr. Hoffman, the ECA Administrator, went to Europe in October 1949, and delivered a major address before the Council of OEEC, in which he made a forthright appeal for European integration. He defined this as the formation of a single large market within which quantitative restrictions upon the movement of goods, monetary barriers to the flow of payments and, eventually, all tariffs are permanently swept away.

From that time on, there were two tendencies in Europe. One was led by the proponents of European unity, assured as they now were of United States' support. The other was led by the British, who preached close co-operation as the alternative to integration. The former tendency resulted in the formation of the European Coal and Steel Community in 1952, the unsuccessful attempt to form a European army, and after that failed, the re-launching of Europe in the successful establishment of the Common Market and EURATOM. All of these initiatives were confined to France, Italy, Western Germany, and the three Benelux countries, who henceforth became known as "the Six".

In the meantime, the British began to use OEEC as a practical demonstration of what could be accomplished by close co-operation in the economic field without the supranational features which they found so objectionable in the communities of the Six. They took a leading part in having OEEC adopt the trade liberalization programme and helped to found the European Payments Union. These two forms of co-operation became the main activity of OEEC during the seven years following Mr. Hoffman's speech. The trade liberalization programme was a form of regional discrimination inconsistent with the philosophy of GATT. It provided for the progressive removal of quotas imposed against member countries of OEEC, while permitting the continuance of quotas against outside countries. It was defended on the grounds that it was much easier to make progress in the dismantling of quotas on a regional than on a world-wide basis.

The British did not believe the Six would ever succeed in establishing the Common Market. The collapse of the European army was uppermost in many minds. A customs union seemed an even more ambitious, more impossible undertaking. Invited to participate in the negotiations, the British confined themselves to sending observers and maintained a very guarded attitude. When they saw that the whole effort was likely to prove successful, they were compelled to examine the situation afresh. It was then that there germinated in their minds the idea of an industrial free trade area to be associated with the Common Market. The juridical basis for this was found in GATT. This proposal was put before the Council of OEEC in July 1956, and for the next two and a half years the discussions relating to the proposed free trade area became the main preoccupation of OEEC.

The negotiations broke down completely at the end of 1958, when the French resented a veiled threat of retaliation by the British. They had been lukewarm towards the idea from the start. The French were concerned about the possible deflections of trade resulting from the varying levels of external tariffs. They pointed to the free access to raw materials and semi-manufactured goods from the Commonwealth enjoyed by the United Kingdom. They contended that new investment would be concentrated mainly in the United Kingdom where advantage could be taken of preferential treatment, both in the Commonwealth and in the proposed association.

The breakdown of negotiations left the British in a quandary. Finally in 1959, they welcomed a Swedish suggestion that OEEC countries outside of the Common Market form a free trade area amongst themselves. Seven countries responded to this appeal and concluded the Treaty of Stockholm. This established the European Free Trade Area or EFTA.

Whereas the Common Market has considerable political appeal as a step towards European unity, to the furtherance of which the United States is irrevocably committed, the EFTA has no such appeal and is looked upon largely as a bargaining manoeuvre.

Whatever may have been the motives behind the formation of EFTA, the result has been the division of Europe into two rival groups, the Six and the Seven, with other European countries attempting to associate themselves with one or the other. Each of the two groups is proposing to discriminate against the other and against outside countries by progressively reducing tariffs and other trade barriers within each group. The same argument is being used to justify this discrimination as was used to justify the discriminatory removal of quotas under the former OEEC liberalization programme. It is claimed that it is easier to reduce duties within a homogeneous group than on a world-wide basis.

Nor is the present situation confined to Europe. The tariff discrimination is extended beyond Europe in that the association of overseas territories with the Common Market means that certain African territories enjoy preferences over other producers of colonial products, just as other African countries are beneficiaries of Imperial Preference. Moreover, the example of Europe is proving contagious.

Already two groupings are in the process of formation in Latin America, and others may follow.

It is in this setting that the fifth round of multi-lateral tariff negotiations to be organized by GATT, is commencing in Geneva. Hitherto these negotiations have been tailor-made to fit the procedures required by the United States Trade Agreements Act. In 1947, the United States negotiators were authorized to reduce duties by 50 per cent in return for equivalent concessions. Now their authority is much more circumscribed in that the most they can offer is a 20 per cent reduction spread over a period of two or more years. Hence, in the negotiations shortly to be under way at Geneva, the centre of the stage will be occupied not by the United States, but by the Common Market, which for the first time is negotiating as a single unit. Obviously, the more other countries can reduce the external tariff of the Common Market, the less will be the tariff discrimination against them.

The Common Market has declared its readiness to reduce its external tariff by 20 per cent in return for reciprocal concessions. The United Kingdom, in particular, is likely to respond to this invitation. Not only do the British want to lessen the discrimination against them, but, the more the United Kingdom tariff approximates the external tariff of the Common Market, the easier it will be for the British to become associated in some way or other with the Common Market. Now any reduction in the United Kingdom tariff brings with it, *ipso facto*, a reduction in the British preference. The great bulk of Commonwealth products enter the United Kingdom free of duty and the preference, therefore, is the amount of duty levied on non-British goods.

There is a strong movement in the United Kingdom in favour of joining the Common Market on as favourable terms as can be negotiated. The *Economist* is the leading exponent of this school of thought. Opposition is voiced by the *Daily Express* and is shared by the whole of the agricultural community. The obstacles to Britain joining the Common Market are (1) Imperial Preference, (2) the difference in agricultural policies, and (3) the obligations to the other partners in EFTA. Of these, the difference in agricultural policies is probably the most formidable. In the Common Market, agriculture is supported at the expense of the consumer by a system of minimum prices maintained by control over imports. In Great Britain, agriculture is supported at the expense of the taxpayer through a system of deficiency payments. Industry benefits indirectly from this system through lower food prices. Even if the basic difference between the two agricultural policies could be reconciled, Imperial Preference would still be a formidable obstacle to British membership in the Common Market. The advantage of a free trade area over a customs union, from the British point of view, is that the former with different external tariffs gives each national unit freedom to conduct its own commercial policy. It, thus, would enable a country like the United Kingdom to continue Imperial Preference with its free entry for most Commonwealth products. In a customs union, this would only be possible after lengthy and difficult negotiations with the other partners.

Thus we see that greatly though the British have striven to avoid it, they are increasingly being faced with the necessity of making the choice between the Commonwealth and Europe. In all this, GATT has an essential role to play. The OEEC is about to disappear and to be replaced by the OECD, or Organization for Economic Co-operation and Development. The United States and Canada are to be full members of this new organization, whereas they were only associate members of the OEEC. The convention establishing the OECD, has been signed and is now awaiting ratification. This organization will review at regular intervals the trade policies and practices of the member countries. A frank and detailed examination of trade problems will be more feasible in such a small, homogeneous body than in GATT. For instance, such questions as relieving the strain between the Six and the Seven, and easing the balance of payments position of the United States, can much better be discussed in a body such as the OECD than in a multi-nation body such as GATT.

It is in GATT, the OECD, and at Commonwealth meetings, that Canada has the opportunity of putting forward her views. We have been taking full advantage of this opportunity. There is not much more that we can do at this stage. To take precipitate action would only serve to make a confused situation still more complex. We have not a great deal to worry about in the Common Market as at present constituted. It may have adverse effects on our trade in wheat, aluminum, lead, zinc and a few other commodities, but Canadian trade, as a whole, stands to benefit from the increased prosperity it will bring to the six countries. What we are mainly concerned about is the threat to Imperial Preference, the division of Europe into two rival trading blocs, and the ascendency that regionalism has gained over multi-lateralism. I have great admiration for the way Mr. Fleming has mastered the intricacies of a most complicated situation and for the manner in which he has put forward Canadian views whenever the opportunity has offered. I trust that his approach will have the support of the members of the Empire Club of Canada.

THANKS OF THE MEETING were expressed by Mr. J. Palmer Kent.

"ONTARIO'S NUMBER ONE HEALTH PROBLEM"

An Address by

THE HONOURABLE
MATTHEW B. DYMOND, M.D., C.M.
Minister of Health, Province of Ontario

Thursday, March 23rd, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: In his third year as Minister of Health for the Province of Ontario, the Honourable Matthew B. Dymond, M.D., C.M., has brought to this post a new and dynamic leadership. The tremendous growth in the needs for hospitalization, caused both by our expanding population and by the fact that almost everyone in this province carries hospitalization insurance, have all added to Dr. Dymond's responsibilities. He is meeting this challenge with great skill and ability.

Dr. Matthew B. Dymond is a Canadian by choice. He was born in Aberdeenshire, Scotland, and migrated to Canada in his teens. His early education was obtained in his native Scotland, but he completed High School Matriculation in Canada. Enrolled in Queen's University, Kingston, he graduated a Doctor of Medicine in 1941; he did post-graduate work in Kingston and Toronto before joining the Royal Canadian Army Medical Corps. He served in Canada, England, and Western Europe with the Surgical Division of Number 10 Canadian General Hospital. On returning to Canada, he set up general practice in 1946 in Port Perry, where he still resides.

His only hobby has been public service through politics.

He started on this career as a Councillor in Port Perry and served on the School Board. In 1955 he was elected the Conservative Member for the Provincial Legislature for the Riding of Ontario. Less than two years later, he was appointed to the Ontario Cabinet as Minister of Reform Institutions, and in April of 1958, moved to the Ministry of Transport, a new branch in the Ontario Government. From there, he went to the Department of Health as Minister on December 22, 1958. He was re-elected on June 11, 1959.

Dr. Dymond has chosen a topic which at the same time raises a question which he will now answer as he addresses us on the subject, "Ontario's Number One Health Problem".

DR. DYMOND: Often, in these days, we hear that Cancer and Heart Disease vie with each other for the position of Number One Killer in Canada. There is, however, a very real and great difference between Number One Killer and Number One Health Problem. On all counts, mental disorders constitute the Number One Health Problem in Canada.

Let us analyze this in part, at least.

The vast enormity of the problem gives it the right of priority. For every hospital bed occupied by the physically ill—active, convalescent, and chronic—and including all the diverse physical diseases and handicaps which afflict mankind, we also have a bed occupied by one suffering from mental disorder. If adequate provision were made, the latter would outstrip the former.

From an economic standpoint, mental ill-health is our Number One Health Problem. The cost to you, the taxpayers of the Province of Ontario, this year, for the care and treatment of the patients in the Ontario Hospital System and in these hospitals approved by the Insurance Plan, will be about $47,000,000. And for the construction of new accommodation, you will provide some $20,000,000. Bear in mind that this does not take into account any cost for those patients cared for in the psychiatric units of our General Hospitals. There are some 400 such beds, so a fair estimate of this cost would be $2,250,000. Nor is there included any consideration of the cost for the care and treatment of those who seek help through the regular out-patient departments of our General Hospitals, or in the offices of private physicians or psychiatrists. I cannot attempt any well-based estimate of these costs, but I believe a total might very reasonably be in the neighbourhood of $100,000,000 this year. Remember, too, these are only direct medical and hospital costs—nothing has been included to cover such indirect costs as lost income; disruption of working, home, and family life; and any of us with experience of illness will know how great and devastating these indirect costs can often be.

Then there is the personal aspect, and this is so often overlooked, forgotten, or ignored. But no matter what our attitude may be, nothing will alter the fact that irrefutable statistical evidence reminds us that one out of every ten people living a normal life span will suffer some degree of mental or emotional disturbance. Nothing will alter the fact that thirty-three of every 1,000 babies born will be mentally retarded in some degree, and that 2.5 of each 33 will probably require institutional care for their entire life.

No matter what our attitude may be, nothing can alter the fact that mental disorder is no respecter of persons. It does not single out its victims from any particular social, economic, or cultural stratum. It cuts across all lines—racial, cultural, religious, or economic. Recognition of this in our time is, perhaps, one of the most encouraging advances yet made.

Having accepted the fact that mental ill-health is our Number One Health Problem, we may rightly ask, "What shall we do about it?" This very question is further evidence of progress. To me, it means acceptance of the problem as one of the greatest challenges of our times.

Perhaps we should look at what has been done so far. Frequently, the dramatic and spectacular progress in general medicine is held up before us to accentuate the apparent lack of progress in treatment and care of those with mental disorders. But even this calls for some analytical thinking. The so-called dramatic and spectacular advances are of very recent date, really. Modern surgery is a development of this century. X-rays were only discovered before the turn of this century. The so-called "wonder drugs" are only twenty years old. However, hospitals—that is hospitals for the care of the physically ill—date far back into antiquity. The first records are found in Egyptian and Babylonian history. The first general hospital in this country was established over 300 years ago.

Over against this, the first mental hospital, as such, was established on the North American Continent just over 100 years ago. Prior to that time, the patient suffering from mental disorder, when he became troublesome or burdensome to family or society, was sentenced or committed to poor-house, alms-house, prison, or jail—anywhere that he might conveniently be "put away" out of sight and, too often, out-of-mind. Now, the first hospitals established for the mentally ill, did not provide much in a practical way for these patients. The housing was better. The stigma of prison was removed only to be replaced by the even more odious stigma of the "insane asylum"—only one of the disastrous names appended to those hospitals. However, the very fact that this new facility was called a hospital, was evidence of the concern of society for the mentally ill. It was the first recognition of the fact by society that these people were sick and not afflicted by some baneful or malignant scourge which dictated that they should be ostracised or treated as pariahs or outcasts. It was, perhaps, the first glimmering of light in a clouded and dark area. Since that time, the clouds have opened and closed again many times. The most recent clearing of the skies occurred a relatively few years ago, and this has continued to improve so that one is led to hope that, at long last, the patient afflicted by mental disorder, will be given the benefit of every advance in medical and social knowledge.

Contrary to the belief of many, this Province of Ontario has not been laggard in trying to cope with this problem. I do not know how or why this field of medical practice became the responsibility of the government. I do know that large segments of the world population look to their governments for this service, and our province is one such area. Our first hospital was established here in Toronto in 1846, before Confederation, and was taken over by the Provincial Government when the province was formed.

Then followed, in 1854, the Kingston Hospital; Hamilton and Orillia in 1876; New Toronto in 1890; Brockville in 1894; Cobourg in 1901; Penetanguishene in 1904; Woodstock in 1906; Whitby in 1920; Toronto Psychiatric in 1925; Port Arthur in 1936; St. Thomas in 1945; Aurora, 1950; Smiths Falls, 1951; North Bay, 1957; Thistletown, 1959; Children's Psychiatric and Gravenhurst, 1960; and Cedar Springs, 1961.

Over the years, extensive additions have been made to eleven of these hospitals and hospital schools, and, with two exceptions, to date all of the older units have been extensively remodelled and modernized. At the present time, we have some 26,000 beds all told in the Ontario Hospital System, and it is, indeed, well worthy of note that nearly 9,000 of those beds have been established in the past ten years. This is indicative of the new importance attached to this field, but it is by no means the only one.

Of far greater importance and significance has been the completely new concept of treatment, both from the medical and the social view. Buildings alone, no matter how large or modern or ornate they may be, no matter how lavish the equipment, will avail nothing if the purpose is solely to "store" the patients—to keep them locked up or in safe custody. It is the programme going on inside these buildings that counts or that will be used as the measure of the success or failure of our efforts. Treatment now is a team project—involving doctors, nurses, psychologists, social workers, teachers, vocational instructors, counsellors, placement officers, and a host of others. Indeed, every member of staff and many volunteer lay-workers are involved in the treatment programme.

Yes, the new concept of mental disorder is really catching fire. In the medical profession—in all of the allied professions and disciplines so essential to the therapeutic team—in gradually increasing numbers of society, there is growing faith, hope, and optimism. There is new recognition and acceptance that these mentally disordered are sick people in need of and deserving of the very best we can provide for them by way of care and treatment. Additional accommodation is still being provided. Research is attracting more interest than ever before and is giving real substance to the slogan: "From the slough of despair to the Horizon of Hope".

All of this is fascinating, indeed, and may lead us to think the battle is won. This would be false optimism. The battle is only well joined—there is much yet to be done. Continuation and extension of our present programmes must go on. Basic and clinical research efforts must be increased and intensified, for we have yet much to learn about cause, management, and care of the mentally ill and retarded. This has to be entrusted to those trained in the field. But for society at large, a job of almost staggering proportions remains to be done.

There is still too much ignorance, superstition, lack of information, and misinformation abroad about disorders of the mind. There are still too many of us who automatically fear and shun the mentally ill and retarded. Remember that, at the outset, I stated this is no respecter of persons. It is, therefore, no cause for shame. It is no disgrace. We must not let stigma add to possible tragedy. Learn all you can about this problem, and then dedicate yourself to the task of instructing and enlightening others.

Strive at every turn to arouse public consciousness or awareness. Stir up the public conscience. Stimulate people to activity, to the end that all of us may face this Number One Health Challenge. We must tackle it in an intelligent and informed manner, for in serving a large segment of our fellow-men, we will be serving ourselves.

THANKS OF THE MEETING were expressed by Dr. Clarence B. Crummey.

"ROCKS ON THE ROAD AHEAD"

An Address by

RONALD A. McEACHERN
Editor-in-Chief, *The Financial Post*
Vice-President,
Maclean-Hunter Publishing Company Limited

Thursday, April 6th, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: Our speaker today has won a distinguished name for himself in the field of financial journalism. Son of a Presbyterian Clergyman, Ronald A. McEachern was born in Ontario on February 17, 1908. He received his Bachelor of Arts Degree from the University of Toronto in 1931. After post-graduate work leading to his Master of Arts Degree, he was awarded the degree of Doctor of Philosophy in 1934.

He received his early journalistic experience on the daily newspapers but joined *The Financial Post* in 1937. Indeed, most of his working life has been spent with Maclean-Hunter. In 1942 he became Editor-in-Chief of *The Financial Post*; and a few years later he was appointed its Publisher, directing all phases of operation.

In 1948 he was the author of a book entitled *Putting Your Dollars to Work.* He has written many articles and has travelled widely—including trips to Russia and Japan —and has frequently appeared before audiences in this room. He is a member of The Empire Club, and his favourite recreation is golf.

Mr. McEachern will now address us on a subject of his own choosing, "Rocks on the Road Ahead".

MR. McEACHERN: As a subtitle for the topic printed on your invitation card, I paraphrase Edmund Burke. What I am going to say might be called, "Some observations on the present and coming discontents".

I do not come with glad tidings. I do not bring comfort because we are now in a disturbing and very challenging period of our national history.

Let me start off by emphasizing that I am not speaking here about the little current recession we now have. There is almost complete agreement that the business cycle will be on the up-turn again before this year is out. The exact time of the up-turn, its vigour, and above all its longevity are matters for argument. That an up-turn is soon on the way is not being argued.

That is good news. You all know about it. Our economy will have the appearance of health. Most of our people will feel better about their own affairs and their prospects.

But it is not this short term picture that I am here to talk about. What I do want to bring to your attention are some of the very hard and disagreeable problems which now confront Canada on a longer-term basis, and particularly for the period between now and 1970.

My first point is this: our quarter-century of easy and swift growth is over. Most of the time since the end of the great depression, the business signs have been pointing upward. Recovery from the great depression stimulated all sorts of demand. It unleashed a great variety of creative enterprising energies.

Then came war with its insatiable demands. Then came the recovery period with *its* insatiable demands.

So the fact is that for over two decades the trend of business generally was nearly all of the time one way—up, and up, and up. It was a long period of virtually full employment, of a swiftly rising standard of living. Despite enormous taxation, the average Canadian today is far better off than he was before the last war.

Here is a very important and astonishing fact. After paying his taxes and after adjusting the figures so they are not distorted by price increases, the Canadian per capita ability to spend increased between the years 1949 and 1960 by a clear 23 per cent.

That is quite a remarkable increase. But, we now have about 11 per cent of our labour force unemployed. That is a very large number. It compares with virtually no unemployment in the countries of western Europe. In Germany today, the main economic problem is shortage of labour.

You and I know that not all of those 11 per cent are yet undergoing real hardship—the hungry, cold, naked kind of hardship. There is nevertheless a good deal of misery presently around, and it is increasing. Unemployment by itself, over any extended period of time, is an extreme misery, a total demoralizer.

Let us never forget this basic fact about unemployment apart altogether from feelings some of us have about human brotherhood. An unemployed man is not a producing man, not a spending man, not a taxpaying man. He is not only a burden to you and to me. You and I and our country do not prosper as much as we should because of him.

What has gone wrong? In addition to finding ourselves in the low part of the business cycle, we now find our economy as a whole has entered a period of relative stagnation, of seriously slow growth. Between 1953 and 1959, the annual average growth rate of the German economy was 6.6 per cent per year. For Japan it is almost the same, over 5 per cent for Italy, over 4 per cent for the Netherlands, 3.5 per cent for Portugal, 3.2 per cent for India and for Canada, and 2.4 per cent for Britain and the United States.

Let us take a look at some of the economic realities facing us in the decade ahead. Agriculture used to be a great Canadian industry. This is now a very troubled industry. Nobody thinks its problems will be solved in a decade. It has many troubles.

It is bedevilled by politics in the cheap sense of the word.

It is now in the transitional stage where the economically almost hopeless family farm is being superseded by the factory farm, the very different kind of enterprise run by scientific and business skills rather than by the medicine man's almanac and the state of "Uncle Bob's rheumatism".

A rising standard of living is bad for our wheat sales. North American flour consumption per capita has been declining drastically.

Our historic advantage in foreign markets is declining because of the spread to other countries of scientific knowledge about agriculture and a drive almost everywhere for increased self-sufficiency.

So, the decade of the sixties will bring Canada no good news in agriculture. This will be an area of declining, rather than increasing, employment.

Mining during the past quarter-century was a great energizer of the Canadian economy, and minerals were one of our very major exports. Here again we have a major Canadian industry in a period of slow growth—quite slow by comparison with the past 20 years.

For gold it is extremely difficult to foresee any situation in the sixties at least which would lead the Americans to raise the price. To do so would mainly benefit Russia. No present ills would be improved and some problems could be made worse by raising the gold price.

Copper, lead, and zinc make up another very big Canadian export. The world now has positively enormous copper, lead, and zinc capacity. Because of new methods of prospecting, it is much easier than ever before to find ore deposits.

In addition to enormous world capacity and great ore reserves, the copper, lead, and zinc business finds itself sorely assailed by new and violently competitive materials —two of which are aluminum and plastics.

We will continue to do well in nickel exports, and before long we are likely to see very big business in potash. Aluminum has been one of the great growing industries in Canada during the past quarter-century. In the next decade, its growth in this country will be at a much slower rate. The next major aluminum projects will not be in Canada. They will be in Africa, where very low-cost power is very close to magnificent supplies of bauxite.

Uranium is a sad story, which you know well. In recent years it has been Canada's biggest single mineral export. Now the industry is sick and on the decline because the world finds that in relation to all conceivable needs we now have enormous amounts of uranium ore.

The sad truth seems to be that out of honest ignorance, and frenzied fear, we and the Western World vastly over-estimated world need. We now find that nuclear weapons and atomic power stations cannot use much of the stuff. Research indicates that other uses will likely be developed and this, quite a few years from now, may improve the picture a little.

We will continue to be big iron ore exporters, but growth in the present decade for our petroleum industry looks as if it will be quite slow and quiet.

So—taking the mineral industry as a whole, it is very improbable that it will do anything better than maintain present employment during this decade.

Pulp and paper has been our largest single manufacturing industry and our major export. With Scandinavia, we used to think we were far and securely ahead of the rest of the world in this business. But now we find that many other countries can make paper and paper products out of a wide variety of fibres. Canada and Scandinavia find the traditional monopoly increasingly shaky and insecure.

Pulp and paper will continue to be a very great Canadian industry and a great export. It will soon make important technological advances. But in the decade ahead, its rate of growth in Canada is likely to be quite different to what we have known in the past.

We have now glanced over our raw materials industries. The prospect for all of them in this decade is a relatively slow growth and very little, if any, increase in employment.

Now look at secondary manufacturing—the industries that make finished products. This segment of the economy is a very big employer and a very big payer of taxes. Here the sad truth is that secondary manufacturing has been falling behind. It has been growing very little in a period when our whole economy has been growing a very great deal. Employment in Canadian manufacturing is just about the same as it was in 1951, although in the same time, our output of all goods and services rose 94 per cent and popualtion rose 31 per cent. For Canadian manufacturing, that is an extremely gloomy record indeed.

What has gone wrong in manufacturing? Enormous imports is the brief answer—our traditional imports from the U.S. and Britain, plus a growing torrent of imports from

Germany, Italy, and Japan. Canada's imports of manufactured goods are about $244 per Canadian, per year. The same figure for the U.S. is $38; for Britain, $52; and for Germany, $46.

In connection with the growing torrent of manufactured imports remember this: Germany, Italy, Japan, and some other countries have just got going on their export drives. Their industrial rehabilitation after the destruction of war is by no means completed. We have yet to feel the full force of their competition. And so far, the Communist countries have hardly come into this picture at all. But their appearance in world markets, particularly in raw materials, is likely to come quite soon.

The violence and vigour of the competitive forces which will be beating on the Canadian economy in the years ahead, will have a force which we have not before experienced.

What makes the foreign competition so powerful?

Lower foreign wage rates are only part of the story. Many brand new, superbly equipped plants are another part of the story. Our bombers enforced their complete modernization.

Very important, also, is foreign design, imagination and ingenuity.

Very important is really good salesmanship, an art at which Canadians may not be as good as we think we are. Because of easy economic conditions for so long, some of our sales forces have not had to work very hard or think very hard.

Very important in giving force to the foreign trade drive is the imagination and resolve of foreign governments to help their industries sell abroad—to help with tax incentives and tax concessions, with export credit financing, and in various other ingenious ways.

Just a few facts about what has been happening in Canada.

In 1953 that group of Canadian firms which make automobiles and auto parts employed 76,000. Last year it employed 51,000 and the figure is still declining. In the same period, our population grew 17 per cent, and GNP increased 38 per cent. In the past five years, employment in the Canadian electrical industries has declined 35,000. In the first six months of last year alone, the Canadian steel industry dropped 2,000 workers, and that meant that some 16,000 more were laid off in related steel-using industries.

Now, one more figure. It applies to all kinds of manufacturing in Canada.

In the ten years following 1949, wage costs in Canada increased 22 per cent per manufactured unit. The increase in the U.S. was 7 per cent.

In the period just ahead of us, the present prospects are for a very slow rate of new job formation in manufacturing. In nearly all our manufacturing industries, we now have overcapacity. Few of our manufacturers are able to develop any significant export volume. Some of those which are subsidiaries of foreign companies are not permitted to go into exports at all.

The sad truth is that Canadian secondary manufacture is for the most part inclined to be marginal in its profitability and in its stability. And now it faces competition such as it never faced before.

Well now, what can be done about these woes of both our raw materials and our secondary industries? When is there some hope for a reversal in our prospects? When will the basic forces in Canada start rolling forward again?

Here is one positive factor. Along about 1965, the extra large crop of post-war babies will be reaching marriageable age. The kids are here, they are healthy, and we can count on their biological urges. Provided they have some spending power, they will be creating a tremendous boom in family formation. There will be a very strong push for new houses and apartments, furnishings, appliances, and all the other stuff a new family needs.

This will mean another big explosion in demand for schools, highways, hospitals, churches, and other public services. We will be getting a fortunate boost for our economy out of this population increase. But the heart of our Canadian problem requires positive, deliberate, planned action on our part.

Canada is not geographically or economically a natural unit. It became a nation, and has so far continued as a nation, mainly because our people, through our government, took courageous and imaginative action to make it so and to keep it so. Let me emphasize this. It was government action and government policy which made us a nation and which has so far kept us a nation.

Canada, from its inception, has never been able to afford the so-called free play of economic forces. Since long before Confederation, Canadian governments have been conditioning the climate in which business operates, and have been thus influencing the direction of Canadian development.

So Canadian prosperity and growth all through our history has been very dependent on government policy. The present batch of very disagreeable problems now facing us is not the creation of any political party nor has any political party an easy, swift solution.

What has happened is this: During the past quarter-century, most things—most of the time—went well for us Canadians. Old ideas and old policies seemed to work fairly well. But now we see that old ideas and policies do not serve us at all well in a new, difficult, and extremely competitive world.

Particularly in the past fifteen years, our world has been transformed. There has been a big speed-up in the technological revolution. A host of difficult problems have been intensified by the fact that people are living so much longer. In every part of the globe, we see young nations driving ahead, usually attempting to industrialize and to supply more of their own needs.

We see great trading blocs forming in Europe. Their aim, at least in their formative years, it to buy less from us and from the rest of the world. If present plans for the Six-Nation and the Seven-Nation group work out, Canada will eventually benefit; but during the formative years of these European blocs, our troubles may be aggravated.

Based on Canada's population growth alone, we need about 1,500,000 more jobs created by 1970. The number of new jobs required will be even greater, because some now at work will lose their jobs due to technological advance and the total disappearance of their present jobs.

The total number of Canadians currently in the working age group with jobs and without jobs, is around 6,400,000.

The Canadians of working age in 1970 will be nearly 8,000,000. This figure of 1,500,000 brand new jobs by 1970, is no estimate. It is no guess. It is a fact. The people I am talking about are now born. They are here. They are healthy. They are going to need and want jobs.

The problem of creating more than 1,500,000 new jobs in the next eight years is challenging in the extreme. Surely it will awaken us and send us searching for fresh ideas and preparing for courageous, daring action.

You have heard President Kennedy complaining bitterly about slow growth in the U.S. He has reason to. On growth rate, Canada is still a little better off than the U.S., but this problem is much more serious for a small country like ours. It is serious because we already have a large number of unemployed and because great new swarms of people will very shortly be reaching the age when they will be looking for their first job.

The U.S. will soon be getting itself out of depression, and it may get its growth rate speeded up. But Canada, because we are smaller, because we have less diversity and less resilience, has more deep-rooted and more difficult problems than those which the U.S. is facing.

There are many things we can do to keep Canada a good place in which to live and work.

We must rid ourselves of smugness, superiority, and self-satisfaction. We must stop pretending that all is well and that the easy, wonderful days of boom will soon be back with us. In 1939, Canada faced the crisis of war. In 1961, Canada stands before a new crisis, and the turning we take in the months and years immediately ahead will permanently affect the lives of all of us here, our families, and the history of our country.

Nearly all business needs to take a hard look at itself, its practices, its methods, and its products. Some businessses will find that they were well organized for 1930 or 1940 or 1950, but that they are or soon will be, in trouble because 1960 has arrived. The period ahead of us puts a very high premium on really good and vigorous management with great adaptability to new circumstances.

The second thing we can to about our present predicament is to decide whether we want Canada to survive as a separate country. If we want that, then we need to make the hard decisions that will help to produce the result we want. If we want 1,500,000 more jobs created in Canada by 1970—and we certainly do—then steps must be taken to unleash our men of energy and enterprise and give them real incentive to be enterprising.

The sad fact is that in some ways we Canadians are acting like babes in the woods in dealing with some of our problems. We are so full of old ideas, of old feuds, of old slogans, of old dogmas and old theology about how government should operate and how business should go, that we just are not giving ourselves much of a chance. Certainly we are not playing the same game as other countries—patricularly the countries of western Europe.

In this country, old wars between the various economic groups continue unabated. Where light is needed, there is mainly heat. Where unity of national purpose is needed, we have no unity and little unity of purpose. We do not seem to have a set of national goals about which our people are fairly unanimous.

In some of the thriving countries of western Europe, they have achieved a very tight liaison and a spirit of co-operation and understanding between government, labour, and industry. Working together, those three elements define needs and objectives and agree on the means by which they will be achieved. If you look around at the great surge of industrial development, the rising standard of living, the low or non-existent unemployment, and the force of the export drive these European countries are waging, you do not need to be told what this united effort can achieve.

By comparison, the Canadian spectacle is pitiful and embarrassing. Our tax system which, at present levels, is a key factor in most important business decisions helps kill off some jobs, and it discourages the creation of new ones. The trouble with our tax system is that it was created in an entirely different age for a very different set of national problems.

Nearly all European countries encourage their industries to form trading groups—or cartels—for the efficient, vigorous, and economical promotion of export sales. Though

Canada desperately needs to increase exports, our combines law still holds that all combinations of businessmen for any purpose whatsoever are dangerous and evil and that the perpetrators must be punished. They recently tried to change this law, but there was an administrative bungle, and as the law now stands, it is merely a bear trap.

The Europeans have many ways of building their prosperity, of making their economy move forward. They talk much less about free enterprise than we do, but their governments do a very great deal to make it possible for their enterprises to be enterprising.

Canada's troubles come from what we Canadians are allowing to happen. Our problem is not what others are doing to us, but what we are doing to ourselves. We do have the world's second highest standard of living. We have a good group of people, most of them very ready to accept the discipline of work and orderly living. We have an extremely valuable infusion of industrious, imaginative, and often highly cultured new Canadians. Our system of government works as well as most and better than some. Our machinery for the administration of justice and the collection of taxes works passably well.

Our educational machinery, if no cause for self-satisfaction and (except for a few isolated areas) no cause for national pride, is at least gigantic.

We have an enormous country filled with raw materials. We have everything that is needed to make and to maintain a good country. But we must wake up and face the realities of our new age and take sensible, positive decisions on how to survive and prosper in this new age.

Canada very much needs new ideas, a revival of spirit, a renewal of hope, and an incentive to move forward.

Canada's future can be very wonderful, indeed. By the next decade—that is during the seventies—we will see a much higher standard of living in western Europe and some other parts of the world. That will mean a new period of very strong demand for most of our raw materials. It will afford much greater export opportunity for many of our manufacturers. At the same time, their market potential here in Canada will be higher because of a substantially higher population.

We *can* stand proudly among all nations on earth if we recognize, face up to, and do something about, basic problems—and do it soon.

THANKS OF THE MEETING were expressed by Dr. C. C. Goldring.

"THE MOTION PICTURE LOOKS AHEAD"

An Address by

ERIC JOHNSTON
President, Motion Picture Association of America, Inc.

Thursday, April 13th, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: The Empire Club of Canada frequently welcomes to its forum with great pleasure ambassadors from many foreign countries, but it is always a very special pleasure when we welcome a goodwill ambassador from the United States of America, like our visitor today, Mr. Eric Johnston. We are especially pleased that he has seen fit, out of his busy life, to arrange a special trip to Toronto to address our Club.

As you know, Mr. Johnston has been President of the Motion Picture Association of America for the past fifteen years. Thus, he is the recognized leader of a very powerful and influential industry.

Mr. Johnston was born in Washington, D.C., in 1896. He was trained in law and in the First World War rendered great service to his country as an officer in the U.S. Marine Corps, serving in the Far East. He then entered business in Spokane, Washington, and became active in the Spokane Chamber of Commerce. This activity led to his election in 1942 to the presidency of the United States Chamber of Commerce, a tenure of office which he held for four years and which has never been duplicated.

His public service is well known and has been recognized in many ways. For example, he has the distinction of having been awarded honorary degrees by more than a score of colleges and universities. During the years Mr. Johnston was called upon by three Presidents of the United States—Presidents Roosevelt, Truman, and Eisenhower—to perform services for the Federal Government. Mr. Kennedy has just not yet had time to call him out for duty but, no doubt, the occasion will arise.

Mr. Johnston was given the full rank of ambassador in the fall of 1953 when President Eisenhower appointed him as his personal representative to advance a programme in the Near East for the development of the Jordan River Valley. A long-time student of economic development abroad, our guest is now Chairman of the Committee for International Economic Growth, composed of leading United States citizens.

In addition to all these activities and in addition to providing leadership to the entire Motion Picture Industry, Mr. Johnston still operates his own electrical manufacturing and supply business in Spokane, and is a director of numerous banks, trust companies, and insurance companies. In his spare time he has written two books—*America Unlimited* and *We're All In It.*

Mr. Johnston still sees a great future for the Motion Picture Industry, and it it with great pleasure that I present to you Mr. Eric Johnston, President of the Motion Picture Association of America.

MR. JOHNSTON: You have asked me to discuss the motion picture. I will do this—gladly. There is nothing I like to talk about more.

But, first, I must be candid with you. For I do not plan to deliver a talk on motion pictures. I propose to talk business—the business of movies.

Perhaps you will find it interesting—or a change at least from those "burning issues" about Hollywood that fill the popular press, the fan magazines, the gossip columns.

You know these "burning issues"—things such as "Scenes They Wouldn't Let Us Film", or "The Punctuality Problem and Marilyn Monroe", or "Who Threw Whom Into Whose Swimming Pool?"

No—I leave these weighty social problems to others. Today, I want to zero in on that single word "business". I shall talk about the motion picture business *as a business*. Frankly, I feel quite at home in doing so before this audience.

Many people never look beyond the glamour of Hollywood. They see only the pretty pictures, the beautiful people, the tinsel or the tarnish. They see only the paint and powder on Hollywood's face.

But let us look beneath the cosmetics. Let us look at the flesh, blood, and bones that give it life. Let us talk grosses, not glamour; enterprise, not enchantment; commerce, not confessions.

Who knows—maybe there is an even more exciting, meaningful story in the business of Hollywood?

For clearly, it is a business—a business with many of the same elements that go into making and selling a bulldozer, the polish on a woman's fingernails, a breakfast cereal, or an automobile.

Yes, there is brick, stone, and mortar in the motion picture business. And it has been carefully set in place to make profits, to avoid losses, to achieve growth, and to prosper.

Does the candy store on the corner have different goals? Does the supermarket? Does the electrical plant or the steel factory?

I admit it is difficult to watch a movie queen smile from a wide screen and think of ledgers, accounts, and sales. But her smile is a commodity—an item on the shelves of the motion picture business. And that smile has got to be marketed, distributed, and exhibited. Or it might as well be stashed away in an Iowa kitchen.

It is our job to put that smile in the store window, to advertise it, to get it to the consumer—just like any commercial enterprise. We must package that smile in film and sell it. And, believe me, a smile can be just as hard to merchandise as a can of tomatoes.

Yes, we are like other businesses in many ways. But we differ, too. We are unique in some respects. We are a world business. Our brick, stone, and mortar form what is perhaps the world's only truly international industry.

The popular conception of our industry is Hollywood, its stars, its productions. That is a misconception. Our industry is more than that—much more.

It is distribution, exhibition, advertising, and promotion. It is dollars and pounds and francs. It is England, France, Germany, Japan, and Canada.

It is an industry at work everywhere, from a raw village in Africa to the blazing marquees of Manhattan. Its office is at home in every major city in the world. Its employees are citizens of all countries. Its customers are people of every race, creed, and nationality.

In one sense, Hollywood is merely the back shop where most of the goods are produced.

Indeed, the motion picture today knows no borders. It has a passport that is valid almost anywhere on the globe. The film screen, in this year, 1961, is a world screen. Stars, writers, producers, directors, and technicians jump from one country to another to work. It is a "suitcase circuit" for anybody in our industry today. Co-production, joint financing, international distribution—these are accepted practices today.

I ask: "What other business approaches it as a world industry?"

I know of none. When other industries sell their products abroad, their work is finished. When we make a foreign sale, our work has just begun. We must follow our product all the way through—for we can realize no return on our product until it reaches audiences.

I ask also: "What other product has such universal appeal?"

Iceboxes are nice. But you cannot sell them to Eskimos. You can sell movies, however. Automobiles are wonderful. But what about those countries with no roads? We show movies there—and people will walk to see them.

Now, I know you are familiar with that old advertising gag line: "Watch Giant Alligators Eat Friendly Natives." Well, I personally have witnessed hundreds of friendly natives in Africa eat up American movies—figuratively, that is.

Certainly, in appeal, few things can touch the motion picture.

From a business angle, let us look at some figures. Just what is this appeal worth in dollars and cents?

The world-wide box office for the motion pictures of all countries is about $3,000,000,000. Of this amount, U.S. films generate approximately $2,000,000,000. It take a lot of warm appeal to generate this much cold cash.

And how many people go to movies around the world? The weekly attendance rate is about 250,000,000 admissions. In the Unted States, it is 45,000,000. In Canada, it is 2,500,000.

And how about theatres? On January 1st of this year, there were 154,852 motion picture theatres operating throughout the world. That is about 35,000 more theatres than five years ago. And theatres of today have a total seating capacity of 74,000,000. You would have to have a mighty big store to accommodate that many customers.

Next, let us see how our U.S. motion pictures stack up against other U.S. industries in terms of the foreign market.

The Department of Commerce tells us that all U.S. manufacturing industries doing business abroad derived a net return of $549,000,000 last year. This figure does not include the motion picture industry. We come under what the Commerce Department calls "service industries", and the net return for all service industries was $330,000,000. Now, of this $330,000,000, United States motion pictures brought back $225,000,000!

This means that movies represent an income of $225,000,000 against only $105,000,000 for all shipping, airlines, and other service industries. And it also means that just our one industry, motion pictures, draws an income that is equal to more than 40 per cent of the total received by all of the U.S. manufacturing industries put together. Obviously, the motion picture is a product without peer in international appeal.

Now, suppose we stop a minute and look at some other implications of that $225,000,000 net return.

This sum represents only 30 per cent of the gross receipts abroad for our motion pictures. That means some 70 per cent is left in foreign lands—70 per cent into the economies of other nations—money that creates jobs, stimulates business, and helps these other nations. Clearly, the U.S. motion picture brings more than entertainment into these countries.

Currently, about 54 per cent of the business of our distributing companies is in foreign operations. U.S. film companies employ about 18,000 people abroad. So, you can readily see that the American movie and its foreign market are a two-way street paved with benefits in both directions. And as long as the popularity of the American film holds, this street will be kept open.

For additional proof of how popular the U.S. film has become, I want to offer some figures on screen time around the world. Screen time is the way we measure how well we are doing in relation to films made by other countries.

At the moment the percentage of world screen time devoted to U.S. films averages 60 per cent—and it runs as high as 90 per cent in some parts of the world.

Take Latin America as an example. Our motion pictures fill 65 per cent of all screen time in South and Central American theatres—and 80 per cent in the Caribbean.

In Africa, it is 60 per cent.

In Canada, U.S. films occupy 75 per cent of the total screen time. I like to think that this means more than your preference for our films. I like to think it is another expression of the warm respect, admiration, and friendship between us.

I would say we are more than holding our own in screen time. Without question, the moviegoers of the world do want United States films.

Couple this with the increasing rate of theatre construction throughout the world, and you see a healthy, encouraging trend. The number of theatres in Europe increased 39 per cent in the last five years. In the Far East, the increase was 61 per cent. And Japan almost doubled its theatres in this period. In fact, theatre construction went up 29 per cent throughout the world. This is solid growth—for any business.

But what about our business at home? How are we doing? What shape are we in?

Undoubtedly, you hear the reports of our critics—those prophets of doom who never stop howling that Hollywood is in its death throes. They have been predicting its death for years now. So, if we are gasping our last, if we are in the throes of death, then it is a death scene to rival the demise of Cyrano or that consumptive lark, Mimi.

Let us see just how dead we are. Let us open the ledger. Capital invested in our industry in 1960 has been estimated at $2,375,000,000—about 7.5 per cent higher than in 1959. And the stocks of major producers went up in a depressed Wall Street market. I think there is life here.

Let us go on. Let us look at the years when we were—and I put this in quotes—"expiring".

Total inventories of the larger film companies went from $275,000,000 in 1950 to $344,000,000 in 1960. And today more than 183,000 people are employed in the industry—just in the United States alone. Wages and salaries increased by an estimated $101,000,000, jumping from $653,000,000 in 1950 to $754,000,000 a decade later.

In that same ten-year period, the total world gross rentals of U.S. film companies increased by some $35,000,000 to a present total of $550,000,000.

These are rather powerful last gasps, I believe.

There are more. Just listen. Last year, a total of twenty-two feature pictures each attained a gross in excess of $4,000,000 in the United States and Canada. Only five films did this well in 1950.

Consider the drive-in theatres. In 1948, there were only 820 in our country. Today there are 5,000. And they account for approximately 23 per cent of the total box office gross.

Next, let us look at how the American people spend their recreation dollars. As I mentioned, 45,000,000 hands push money across box-office counters every week in the United States. Did you know that the American people spend four and one-half times as much money on movies as they do on all spectator sports?

If movies are dying, I missed the wake they held for baseball.

Let us take up also the matter of that stock, comedy character—the popcorn-munching moviegoer.

But, do not laugh too hard at him—his bag of popcorn is a million-dollar business.

Estimates show that gross refreshment sales at indoor and drive-in theatres total more than $260,000,000 a year. Popcorn brings in $126,000,000; candy, $98,000,000; soft drinks, $84,000,000; and ice cream, $24,000,000—to name just the top sellers. That is quite a hearty—and awesome—appetite for an invalid.

All in all—from the facts and figures I have tossed at you—I think it is safe to call off the undertaker. The prognosis looks favourable to me.

Yes, the credit side of our ledger is amply filled. Naturally, the debit side has some entries. We sustain losses. We worry about certain trends. We have valleys as well as peaks on our progress charts. What business does not?

But I am confident we can handle our problems. I have faith in our industry—and faith in the future of it.

Now, one thing more. I would not be doing justice to the motion picture business if I left you with only a look at the cash in its till, the customer potential, or the volume of candy sales.

There is more to our business—an "x" factor, a plus, an intangible. And it is important because it has brought us to the present—and it will take us where we want to go.

The world as we know it has been a world of revolutionary changes. The assembly line, automation, sweeping scientific advances, vast structural changes in economies—change has been the pattern, the norm in our times. A noted scientist, only now in his middle years, recently remarked that 90 per cent of what is known today was not in the textbooks when he went to college.

Yes, we have known changes. And one of the most revolutionary was the motion picture. It not only became a part of the business of living for every family, but it also influenced how they lived and how they wanted to live. Materially, it was the handmaiden of the assembly line. It helped to create a desire for the mass-produced goods we take for granted today.

Educationally and intellectually, it brought knowledge, understanding, music, and ideas. It brought a degree of fulfillment to the lives of people. It helped bridge the gap of illiteracy. It helped illumine dark areas of ignorance. And it did this in a way that people accepted and welcomed. The motion picture entertained—and by entertaining, it enlightened. This is the intangible—our "x" factor.

And for all of us in the Western World, it is working in the underdeveloped, emerging nations of the earth today. The motion picture is using its power to entertain, and it is successful in these new states. It does not set out to preach. It cannot. If it did—and most Soviet films do—people would turn away. That is why the propaganda-filled Soviet movies fail in these new lands.

Of course, we must do all we can to send better films to Asia, to Africa—everywhere. But let us never underestimate the good that our motion pictures are doing right now. Let us not forget that much of what we consider routine in our movies is fresh and exciting to people of other lands.

The motion picture shows clearly what a free people—a democratic people—can do with their way of life, the standard of living they can enjoy, the freedoms that they can possess.

Our critics say that we sometimes give a distorted image of the United States. I say the U.S. film reflects all of what we are—not just the best. Those who cry out about distortion are those who themselves refuse to accept all that our nation is. Their cry stems from fear—not concern.

If we want to change what the American motion picture portrays, we had better start by changing ourselves. We had better remedy our ills, right our wrongs, improve the bad spots, and strengthen the weak ones.

This, too, the motion picture will record. This, too, the motion picture will reflect for the entire world to see. And ours will be a watching world in the years to come.

We talk of our smaller world, our shrinking world. This is just a beginning. I am certain of that. The motion picture helped to shape the world of yesterday. It is shaping that of today. And its future is unlimited. Every passing day sees more and more entertainment on film, education through films, and communication through films.

Yes, there is a future for the motion picture business, a future that needs the contributions all of us can make. These contributions are many. The motion picture can promote understanding among human beings. It can break down fear among peoples of vastly different cultures. It can inform, instruct, influence, and persuade.

THANKS OF THE MEETING were expressed by Mr. R. Bredin Stapells.

"ATLANTIC TRADE COMMUNITY, FOUNDATION OF THE FREE WORLD"

An Address by

THE HONOURABLE
LESTER B. PEARSON
Leader of the Liberal Party in Canada,
and Leader of Her Majesty's Loyal Opposition
in the House of Commons

Joint Meeting with the Canadian Club of Toronto.

Monday, April 24th, 1961

CHAIRMAN: The President of The Canadian Club, Mr. H. H. Wilson.

MR. WILSON introduced The Honourable Lester B. Pearson.

MR. PEARSON: When Khrushchov uttered the words, "We will bury you", which have now become famous—or notorious—some thought them to be a warning that all-out aggresive military action was being contemplated by the Soviet against the free democracies of the West.

Neither Mr. Khrushchov nor the system of government which he directs, would hesitate to use force and take military action in the pursuit of policy if such means would suit their purposes. After all, wars to liberate peoples from capitalist slavery are, to a Communist, "just" wars, and, as such, not to be condemned.

I do not think, however, that Mr. Khrushchov, or any other sane person—which excludes, we should not forget, the "Hitler type"—would deliberately take action that would inevitably mean all-out nuclear war. Therefore, as long as there is a Western nuclear deterent and the means and the will for swift and decisive retaliation exist, then peace, in the sense of the absence of general war, is likely to be preserved even if it is balanced uneasily on the fear of universal suicide.

There is no need for all countries to participate in this nuclear deterrent. Indeed there are strong reasons why they should not, why they should make their necessary contributions to collective defence in other ways, so that the number of nuclear powers will not increase.

But there is every reason why the nuclear deterrent should be kept strong and effective, until there is general, including nuclear disarmament and we can find a better and more permanent basis for peace than bombs.

In all probability, Khrushchov had something other than a military funeral in mind. It was the extinction of our democratic society and its replacement by Soviet Communism without large scale war—by conflict inside co-existence.

Let us not fool ourselves. When the Communist leaders talk about peaceful co-existence, they do not mean friendly co-operation with our form of society. As James Reston of *The New York Times* wrote during Mr. Khrushchov's visit to the U.S.A. when the Soviet leader was making friendly noises, "Khrushchov did not take back his threat to 'bury us'; he merely promised not to kill us first. Capitalism would be buried alive, overwhelmed by the 'superiority' of communism, as feudalism was overwhelmed by capitalism."

If there were any doubts about Communist policy on this score—and there should not have been—they must have been removed by the manifesto adopted at the Communist summit conference held at Moscow last November.

That conference, it is true, rejected the Chinese Communist view of dynamic and revolutionary aggression even at the calculated risk of nuclear war. But it did not reject conflict between the two worlds as the central feature of Communist policy. The manifesto read, "Peaceful coexistence among states does not mean . . . a rejection of the class war . . . on the contrary it implies an intensification of the struggle of the working class and of all communist parties for the triumph of socialist ideas."

It was made clear that peace was not an end in itself. That end was the establishment of the Communist system throughout the world. Peace was merely, because of existing circumstances, a condition that would help to bring about this result.

So we must never forget what we are up against. It is co-existence with conflict, and will remain so until the leaders of the Communist world abandon their determination "to bury us", after our defeat in the class war.

In this conflict—conducted if possible without recourse to direct military aggression—the Communist rulers are counting especially on two things: (1) The moral weakness of the democracies, their inability to accept the disciplines and make the sacrifices that will be necessary to preserve the values of their own society against socialist competition, values which, in any event, they are themselves debasing; and (2) The disunity of the democracies, both politically and economically. The Communists hope to bury us one by one, not collectively.

So far as the first factor is concerned, the Communists have some reason for their optimism. We can prove them wrong, of course, but only if we have the will to do so. Free democracy should represent a far stronger form of political, social, and economic organization than Communist despotism. But its strength is not automatic. It depends on the individual from whom all authority is derived. Therefore, if we, as individuals, in Canada or in any free country, fail in our obligations as citizens; if we prefer ease to effort; if we are concerned with what we can get out of government rather than what we can do to serve our country; if we put selfish interests above the public good, then Mr. Khrushchov and his fellows will not have too much difficulty in burying democracy.

I know well that in the conditions of life and society today, the state has a duty to intervene in the interest of the security of the individual beyond that which was required in earlier days.

But I know also that if the desire of the individual in the democratic state is merely to be supported by such intervention, a free and vigorous democracy will not survive. There will be lots of dictators, big and little, ready to oblige by doing the supporting.

If today the free citizen is willing to become merely a digit in a table of government statistics, that digit will ultimately become zero. It is not hard to erase zero.

Lord Acton once said that "freedom is the deliverance of man from the power of man". It is also the emergence of man from the mass. That emergence will slow down or even be reversed if we try to escape the duties and responsibilities which flow from freedom. There is some evidence that this is happening and that we may lose our freedom in that dependence which comes from selfish and irresponsible demands which we make on those we have chosen to direct and control much of our life. This direction and control may come from a government, from a bureaucracy, or from a trade union boss or a president of a monopolistic corporation. Whatever form it takes, it can destroy our freedom, our democratic society, and make easy its burial —its replacement by totalitarianism. And we, the people, would have willed it so.

In their plans the Communists are counting on this, on the deterioration of free democracy, as much as on the power of their rockets.

They are also relying heavily on our disunity in political and economic matters. About the latter of these— economic matters—I wish to say a few words.

The Communist governments are beginning to make things difficult for capitalistic and competitive traders. "Free enterprisers" is perhaps not the best expression to use in describing them, now that foreign trade necessarily depends so much on government support and assistance even in capitalist societies.

How can such Soviet competition be met by the democracies? By doing something which is required also for other and more positive reasons, namely, by removing trade barriers between free countries, by building up the largest possible trading area with a minimum of restrictions between its members and a maximum of exchange between them. The Atlantic area is the place to begin this process, on a wider than a continental basis. It should also be done in a way which would provide for the association of any other free democracy that wishes to join the group.

This process of economic integration is essential if we are to solve other international problems that face us. Except in periods of immediate and great danger, we cannot have collective defence without political co-operation. We cannot have political co-operation with economic conflict and division. Neither national prosperity nor national security can be guaranteed by national action alone.

The time for imaginative action that would encompass more than a continent is here. Nothing less will do. The time, the opportunity, is now; it may soon pass.

The European Common Market—scoffed at as a Utopian dream ten years ago—is now a "going concern". It is gradually removing all trade barriers between its six European members. So spectacular has been the resulting economic growth, that it is now the world's largest trading area, and the third largest market for Canadian goods.

Furthermore, the seven nations of the European Free Trade Area are moving toward integration with the Common Market. The trend is clear and is not likely to be stopped. Mr. Macmillan made this clear during his recent visit to Ottawa and Washington, just as the United Kingdom Lord Privy Seal made it clear two months ago in Geneva. The United Kingdom is going to move across the channel and seek a basis for membership in the Common Market. It now feels that for this purpose satisfactory solutions can be found for the three important problems standing in the way: Commonwealth preferences, agricultural imports, and political sovereignty. Canada might as well face this fact and face it as an opportunity which can be exploited rather than a menace to be prevented.

The President of the U.S.A., on February 16, welcomed the move when he said, "We shall support and encourage the movement toward European integration." Then he added these important words: "It (European integration) can contribute greatly to meeting the goals of the broader Atlantic Community."

The Vice-President, Lyndon Johnson, expressed the same idea in Paris on April 6th when he said, ". . . a genuine . . . economic community must appear increasingly feasible as our long run goal"—which he defined as "a true Atlantic community with common institutions".

Mr. Macmillan while at Boston in his recent visit, confirmed that this is the position of the United Kingdom:

> I have no doubt of what our aim should be. We ought to try to work for the largest area of free trade that we can create.
>
> Free trade for a free world. That may still be a vision. It may be a long time before it can take practical shape . . . Yet many new and vital ideas are now being discussed by practical men which a few years ago would have been dismissed as impractical dreams.

He then made it clear that one "new and vital" idea he had in mind was an Atlantic Trading Area and he invited Canada and the Commonwealth to assist and encourage, rather than shy away from and discourage, this development.

The Lord Privy Seal in the British Cabinet was even more specific on one aspect of the problem when he said on February 27, last, "Britain would have no objection to a reduction of the preferences that her exports enjoy in Commonwealth markets if the six wanted to start negotiations with the Commonwealth to that end."

Canada should be in the forefront in fostering, not hindering, such negotiations. We should encourage European economic integration on a basis of expanded, not restricted trade, and then do everything we can to convert this European into an Atlantic Trading area, with which other free countries could be associated.

For us, there are *four possible policies*. The first is to work for the maximum of economic self-sufficiency; for economic nationalism. This might have some tempting short run attractions, especially in a recession, but in the long run it would be a sterile, backward and self-defeating policy. There is no salvation here.

The second is economic integration with the U.S.A. A distinguished American made proposals along this line in Toronto not long ago. In certain circumstances, such as the Commonwealth disintegrating, or more likely, the European countries coming together in a way that would exclude North America, serious consideration of such a solution might be forced on us. I do not think any Canadian need shudder at the prospect. There could be worse fates, but there could be far better ones. Certainly this is not a policy which should provoke any cheers. How could we keep our separate political identity in such a situation? Surely this is not the way to solve the Canadian flag problem.

The third policy is that of continued reliance on GATT as the international agency for broadening the area of freer trade. Since the war GATT has undoubtedly been the chief instrument for the removal of trade barriers and for general tariff reduction. But can it do much more? The current discussions at Geneva will soon give us an answer to that question. In any event, is a new impetus not now required and cannot this best come from the Atlantic countries?

This brings me to the fourth alternative, which is the careful, steady, stage by stage, building of an Atlantic Economic Community to include Canada and the U.S.A.

I know the difficulties in the way. I know the dangers. I know it will—and should—take time, just as the building of the European Economic Community is taking time, in order that the industries and businesses affected by changes will be given time and assistance in adapting themselves to those changes.

The important thing now, before it is too late, is to get started. To begin the process. To find the will to move. It is not, indeed, so much a question of economic policy as one of political will.

Yet nothing less than this broader vision will be sufficient to meet the challenges ahead.

When he was in Toronto in February, Mr. Neil McElroy, speaking from his impressive business and governmental experience, had this to say:

> Retreat (to economic nationalism) is not the answer; but rather a sound advance toward partnership in economic planning, freer trade, a fuller flow of investment

capital, an easier interchange of goods.

In this direction lie the best solutions to the problems of capital needs and high costs. . . .

A North American Common Market could be accomplished in a period of a relatively few years.

Any doubt as to the time factor can be dispelled by a look at the history of the European Common Market. Few of us would have anticipated ten years ago that it could possibly be at the stage at which we find it today. But it is an accomplished fact.

Any mere continental solution, however, is not adequate. The partnership should be not only across the border, but across the Atlantic. For Canada this is essential.

This process of Atlantic economic integration must take place for political as well as for commercial reasons. It is necessary for the prosperity and growth of the Atlantic democracies. But it may soon be necessary also for their survival.

Lip service is increasingly paid to the need for action. But action itself lags, far behind words. And time passes. Europe is moving. Soviet Russia is moving. Canada and the U.S.A. are hesitant when they should be giving leadership through imaginative and forward-looking policies. Our economies are not expanding, and we are tempted to seek an answer to our problems through short run nationalistic expedients. These would merely set back the clock.

The times call for more because the times reflect changes in world political and economic organization more far-reaching than anything that has happened, politically, since the break-up of the Roman Empire and, economically, since the industrial revolution.

As usual, however, we have a hard time adjusting ourselves to these changes. We cling to the old familiar concepts long after they have lost their relevance to the situations we face.

So what to do?

A former French Minister, Maurice Fauré, gave the answer recently when he said, "Bold and imaginative thinking like that which launched the Marshall Plan and the Schuman Plan is needed again. We must have some new ideas . . . If you wait too long it will be too late."

In 1933, at the depths of the depression, the President of the U.S.A. called a world economic conference to find a way out of our difficulties. He then ensured its failure by falling back on purely national recovery policies.

I believe that now, as we face problems very different from, but more complicated and difficult than those of the thirties, an Atlantic Economic Conference should be called, on the highest governmental level, to lay the foundation for an Atlantic Economic Community.

For, I repeat, nothing less than this will do.

THANKS OF THE MEETING were expressed by Mr. R. Bredin Stapells.

"THE ROLE OF FREE CHINA IN THE FREE WORLD"

An Address by

AMBASSADOR TINGFU F. TSIANG
Permanent Representative of China to the United Nations

Thursday, April 27th, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

MR. STARK: Our guest today is the distinguished Permanent Representative of China to the United Nations with the rank of Ambassador, a post which he has occupied for the past fourteen years. The duties of this post, he has fulfilled with great distinction.

His Excellency was born in 1895 in the Province of Hunan, China. When he was 17 years of age, he came to the United States, studying in Park Academy, in Oberlin College, and finally in Columbia University, where he received his Doctor's Degree in History. Upon his return to China, he became a Professor of History.

For several years he was editor of the *Chinese Social and Political Science Review*, and later, with others, he established a liberal, independent, weekly magazine called *The Independent Critic*, which during the pre-war period was the most influential political journal in China.

In 1935 when General Chiang Kai-shek became Prime Minister of China, our guest was invited to be Director of Political Affairs in the Cabinet, and he played a leading role in drawing up the successive wartime budgets of the country. His responsibilities continued to increase, and in 1945 he was appointed Director General in charge of post-war relief and rehabilitation in China. In 1945 he commenced the important task of representing his country in the Security Council of the United Nations and he is still representing China in this most important post.

Our guest has taken this day from his important duties in New York to speak to The Empire Club of Canada at its closing meeting for this season, and we are most grateful to him for carrying out these arrangements at a time when his duties are very onerous.

His Excellency will now address us on the subject, "The Role of Free China in the Free World".

MR. TSIANG: I must first of all confess that I know very little about Canada. I visited your country only once before, and that was some seventeen years ago. On that occasion, I learned some important things about the great city of Toronto. The young man who guided me around, asured me that the Royal York Hotel was the biggest hotel in the Empire, that the University of Toronto was the biggest university in the Empire, and that a certain building in the city was the tallest building in the Empire. Since I knew nothing that contradicted what the young man had assured me, I told him I accepted his word on all three points.

On my previous visit here, I made one very important discovery—at least it was a discovery so far as I was concerned, but of course it may be common knowledge to you. I found that the Toronto Museum had one of the finest collections of Chinese art in the whole world. If you are interested in Chinese art and its history, visit your Museum.

During the last seventeen years, my education on matters Canadian has continued under very felicitous auspices. In the performance of my duty as the Representative of China in the United Nations, I have met a number of important and interesting Canadians. In the early years, I came to know and admire Mr. Pearson, General McNaughton, and Mr. Paul Martin. In more recent years, I have been privileged to know Mr. Greene, Mr. Nesbitt, and Mr. Ritchie. I can summarize my impressions in one sentence: Canada, as represented by these men, is a country with goodwill for all the countries of the world, and with malice towards none. You are genuine practitioners of peaceful and *friendly* co-existence with all other peoples. I am happy to be here to speak to a group of people who are seriously trying to make a contribution to make the world better for all of us.

My Government and people, situated for the time being on the Island of Taiwan, find ourselves on the very front line of the world-wide fight against international Communism. This fact has conditioned much of our life and work.

We belong to that category of people who are afflicted with overpopulation and, at the same time, economic underdevelopment. With us, the quick raising of the standard of living is of the utmost urgency. It would be untrue to say that the people in underdeveloped countries have no regard for principles and ideals. At the same time, it would be unrealistic to ignore the fact that the people in such countries desire most of all more and better food, clothing, housing, schooling, and medical care. For this reason, in the post-war period, my Government has given its first attention to economic development. We have striven to show that the Chinese people can make economic progress faster under conditions of freedom than under Communism. I believe we have demonstrated this beyond any possible doubt. I further believe that this demonstration has validity not only for China but for the other countries of Asia as well.

In our programme of economic development, we have given priority to agriculture. In this field, we have pursued three lines of activity. In the first place, we have carried out an agrarian reform assuring to the farmer, ownership of the land he cultivates, thus relieving him of the burden of land rent. We did this by restricting the area a landlord could own, and by arranging for the tenant to buy the land through annual payments over a period of ten years. For the sake of the many landlords who could not wait for payments spread over ten years, my Government denationalized a number of industries and paid the landlords in industrial stocks. Under this scheme, the farmers have been making their annual payments to the Government. What actually happened was that the land-owning class transferred its assets from the land to industries. This agrarian reform will be completed in two years' time, for by then the farmers will have completed their annual payments. This reform has given considerable material relief to the farmers. It has also stimulated their interest in farming and heightened their morale. Today, Taiwan is a land of prosperous and contented farmers.

The second line of activity pursued by my Government in the field of agriculture has been the extension of the benefits of modern science to the farming population. Before coming to the Island, the Government had already organized the Central Agricultural Research Institute. The scientists in that Institute had done considerable experimentation in the improvement of rice, wheat, and cotton; in the study of soil; in the insecticides and irrigation; and in the breeding of farm animals. Before the war with Japan began, the Institute was ready to extend to the farmers some of the results of its experimental work. The war caused a postponement. When we came to the Island, the scientists of the Institute followed the Government, ready to operate on a full scale.

We have been able to give to the farmers of Taiwan new varieties of rice which increase the yield by 11 to 13 per cent. We have also brought to the Island better breeds of hogs, buffaloes, chickens, turkeys, and sheep. We have taught the farmers how to fight animal and plant diseases. We have analyzed the soil and taught the farmers the proper chemical fertilizers to use. We have helped the farmers to build better irrigation facilities.

Let me call your attention to one fact: mechanization of agriculture in the Far East is extremely difficult; firstly, because mechanization calls for capital which is usually unavailable; and, secondly, because the small size of the farms hampers mechanization. The disadvantages of mechanization are not encountered in passing on the benefits of science to agriculture, for in this field capital expenditure is limited and some of the needs of the farmers are immediately met. I call your attention to this because, in my mind, our experience may have a validity for all the underdeveloped and thickly-populated countries of Asia. Whether in the long run we should go on to mechanize is a question on which I do not wish to dogmatize, but I am certain that the improvement of agriculture in Asia should start with the extension of modern science to agriculture, rather than with mechanization.

Our third line of activity in this field is the organization of the farmers into associations. At the present moment, 93 per cent of the farmers on the Island of Taiwan have joined farmers' associations. These are really co-operatives organized for the purpose of self help and mutual help. For example, the independent farmer finds it difficult to construct proper storage facilities for his crops. The association constructs such storages and rents space to the independent farmer.

The farmer finds it difficult to borrow from the banks because the banks know little about the credit standing of individual farmers. The associations know the credit standing of their members well. They borrow from the banks and then, in turn, lend to the independent members. They also accept deposits from their members.

In extending the benefits of science to the farmers, the associations have proved a valuable medium. Extension workers first contact the leaders of the associations who, in turn, help to pass on this knowledge to their fellow members.

These associations have enormous importance in the daily lives of the farmers in Taiwan. I think that the ultimate results exceed the economic benefits because through these associations, the farmers acquire valuable experience in managing common affairs and in evolving a group of leaders among themselves. In other words, these associations are good schools in self-government.

The economic results of the three lines of activity that I have described are considerable. For example, take the production of rice, which is the primary product of the Island. In 1946, the first post-war year, the rice crop amounted to nearly 900,000 tons. Today, the annual crop of rice on the Island of Taiwan is almost 2,000,000 tons.

We are exporting hogs and various forms of pork. In 1946, the Island had 640,000 hogs; today, it has 2,400,000.

With the exception of the Japanese farmer, no farmer in all Asia is as well off as the farmer on Taiwan.

All underdeveloped countries cry for industrialization. We, on the Island of Taiwan, are not an exception. In this respect, we started almost from scratch because the Island of Taiwan during the fifty years of Japanese administration, from 1895 to 1945, had developed no industries.

Formerly, the Island imported all its cotton yarn and cloth from Japan. Today, in textiles, Taiwan is not only self-sufficient, but even has a surplus for export.

We have built on the Island an aluminum industry, utilizing raw materials imported from Southeast Asia. We import crude oil from the Persian Gulf and provide ourselves with all the finished petroleum products we need. We have built up a glass industry. We have taken up artificial fibres. We are self-sufficient in electrical appliances and even export some.

In the industrial field, one enterprise deserves special attention. The Island is unfortunate in not having large supplies of coal. It is fortunate in possessing considerable water resources. We have therefore pushed hydro-electric power. Much of our industrial success depends on cheap hydro-electric power. With the single exception of Norway, Taiwan power is the cheapest in the world. We have more than doubled our electric generating capacity in the last ten years. In the next ten years, we hope to double it again. In 1960, the Taiwan Power Company, which is a government enterprise, produced 3,628,000,000 kilowatt hours, almost seven times that it produced in 1946.

The index figure for industrial production on Taiwan is very significant. Our statisticians use 1953 as the basic year since it was in 1953 that we started our first four-year economic development plan. If in 1953, industrial production stood at 100, in 1959, it would be 188; and in 1946, only 20.

Ten years ago, the exports of Taiwan were 85 per cent agricultural and only 15 per cent industrial. Today it is 50 per cent for each category.

In order to complete my presentation of economic development on Taiwan, I should ask you to keep in mind two facts. First, we have had to spend a disproportionately large percentage of our national income to support our military forces. The burden of military expenditure has been a drag on economic development. Secondly, in economic development, we owe much to the economic and technical aid of the United States.

Let me pause at this point to call your attention to the differences between our economic development and that of the Mainland under Communism. Whereas they have collectivized the land, we have individualized land ownership. It is our firm belief that the farmer who cultivates his own land, on his own account, is the most efficient producer. In the second place, we have emphasized the development of light rather than heavy industries, and, for this reason, the economic development of the Island of Taiwan has immediately raised the standard of living. In the third place, we practise on the Island what you might call a mixed economy. Some of the industries are government owned, such as railways and electric power. Many fields are left to private industries. The present tendency is for the field of private enterprise to expand. This is, of course, the opposite of what the Communists are doing on the Mainland.

The differences can be traced to ideology, but even more is involved. After all, we Chinese people are not an ideologically-minded people. We are practical. We, on the Island of Taiwan, looking at the problems of the Mainland, find that one of the basic mistakes made by the Chinese Communists has been their effort to emulate the Soviet Union. We believe that China, for practical reasons, cannot emulate the Soviet Union. The Soviet Union, in its early five-year plans, purposely and deliberately squeezed agriculture and the farming population in order to develop heavy industries as rapidly as possible. Even if this objective should be considered desirable on the ground of national defence, we believe it is not a possible objective for China. The average size of Russian farms in 1917 was thirty acres, whereas the average size of Chinese farms was between four and five acres. Russia under the Czars always had an agricultural surplus for export. The Russian farmers may have had a standard of living lower than that of Canada or the United States, but they were, on the whole, well off. The Government of the Soviet Union could tighten the belts of the Russian farmer. In China there was no agricultural surplus. The farming population lived on the minimum of necessities. The farmer's belt was as tight as possible. It could not be tightened further without injuring his health and destroying his spirit as a producer. This, I believe, is the root of all the trouble on the Mainland of China. This is why the population on the Mainland today faces famine.

To be sure, the capital for industrialization of a country like China must, sooner or later, be derived largely from agriculture. My point is that we must create an agricultural surplus before we try to tap it. I believe that in economic development, my Government on the Island of Taiwan has found the proper road of ascent.

Communism is un-Chinese in origin and in nature. The Chinese Communists, after adopting an alien ideology and imposing it on the Chinese people have, in practice, surpassed the Russians in their extremism. The French socialist author, Suzanne Labin, in her book, *The Anthill*, concludes that Mao has executed and confined to forced labour camps more human beings than Stalin, both in absolute numbers and in percentages. Brainwashing has been more extensively practised in China than it has ever been in the Soviet Union. While professing to worship modern science and technology, the Chinese Communists have put an enormous number of people to work on works projects which are in defiance of all science and technology. Three years ago, in their zeal to push what they called the "leap forward" campaign, they ordered people both in the city and in the country to set up backyard furnaces to smelt iron and forge steel. This was a gigantic fiasco. The process was not only enormously costly; its products, iron and steel, were found to be so far below standard as to be, in many cases, useless. There are on the Mainland technicians who surely must have warned the Communists against so foolhardy a venture, but the Communists thought that the enthusiasm generated by ideology could set at naught the course of nature.

The most serious experiment of the Chinese Communists has been the institution of the people's communes. Even the Russians now laugh at this concept. They dismiss it as a bit of leftist deviation, or "infantilism". The commune collectivizes everything—land, houses, cattle, even people. It imposes a military pattern on the daily lives of the people. According to the scheme as originally conceived, men and women must live in dormitories, and children in nurseries. They must eat in common mess halls. They march to work at the bugle call and also quit at the sound of the bugle. It was thought that under this scheme the people would be deprived not only of their last thread of private property, but even of their last bit of privacy in life. The scheme has brought the people on the Mainland of my country to the verge of starvation. The Communists are trying now to maintain life until the next harvest by buying grain from abroad and by lowering rations to the minimum level at which life can linger. Some will die of hunger; the majority of the people on the Mainland suffer from malnutrition. At no moment during its ten years in power has the Communist régime been so much hated as in this year, 1961.

Yet at this moment, there are those who are proposing that the Chinese Communists should be admitted to the United Nations. Following their participation in the war in Korea in 1950, the Chinese Communists were branded by the United Nations as aggressors. Aggression is the chief international crime under the Charter of the United Nations. It does not seem right to us that an unrepentant, unreformed aggressor should be seated in the United Nations.

Although certain publicists continue to speculate on the differences between Peiping and Moscow, in all essentials, the Communist axis works together. On all world-wide issues (*e.g.*, the Congo, Algeria, Cuba, and Laos), Peiping works toward the same objectives as Moscow. In connection with the Congo, the Soviets are doing their utmost to force Mr. Dag Hammarskjold out of the United Nations, and, by proposing that the executive duties of the United Nations be entrusted to a committee, they are really trying to destroy the United Nations. If the Chinese Communists should be admitted to the United Nations, they would no doubt add their power to this wrecking operation.

Some people think that it is better to have the Chinese Communists in rather than out of the United Nations because, they say, by admitting them the United Nations might make them more responsible. This idea of the United Nations as a reformatory is an illusion. I have seen no signs that the policy of the Soviet Union has been changed in the least by virtue of the Soviet's membership in the United Nations.

Then, they tell us, Chinese Communism is a fact. It rules over 600,000,000 people. How can the United Nations ignore this fact?

It is true the Communists have enslaved 600,000,000 Chinese people on the Mainland of China. It is not true that they represent the Chinese people or speak the sentiments of the Chinese people or work towards objectives towards which the Chinese people would have them work.

The admission of the Chinese Communists to the United Nations would have only one political effect; it would enhance the prestige of the Peiping régime abroad and at home. At this moment, the domestic prestige of the Chinese Communists is at its lowest ebb. Is it to the advantage of the world to give a moral and political uplift to the Peiping régime? Under prevailing conditions, the Peiping régime is a constant threat to the neighbours of China from India to Burma, to Thailand, to Laos, to Vietnam, and to the Philippines. These countries bordering on China have all wondered when the "giant to the north" will strike at them. The admission of the Chinese Communists to the United Nations would kill the will to resist on the part of all Southeast Asian countries. Is this to the advantage of the cause of freedom?

On our part, we are dedicated to the freedom of the Chinese people. Let me hasten to assure you that we are not warmongers nor speculators. We know what is required to land armed forces on the Mainland and to conduct there a vast campaign. We believe the fate of China will and should be determined by the Chinese people themselves. If our people on the Mainland should rise in rebellion, as did the people of Hungary in 1956, we on the Island of Taiwan would go to the aid of our kinsmen. If we fight at all, we will fight not against our people on the Mainland, but side by side with them, against their oppressors. Within these limits, we have tried to make ourselves ever-ready and ever-willing.

The free nations of the world, I hope, will understand that the National Government of the Republic of China, located for the time being on the Island of Taiwan, has an important contribution to make towards the cause of world freedom both in showing the Chinese people a better life and in maintaining a military force on the side of freedom. In this world-wide struggle against international Communism, we hope that those in the rear will support those at the front.

THANKS OF THE MEETING were expressed by Mr. Ian Baxter.

ANNUAL MEETING

Thursday, April 27th, 1961

CHAIRMAN: The President, Alexander Stark, Q.C.

PRESIDENT'S REPORT: The Empire Club of Canada has now been in existence for fifty-eight years and today marks the Annual Meeting which brings to a close our 1960-61 session. As your President, about to retire, it is my duty to place before you this brief report of our activities, which I now do.

First of all, a word as to our finances. We are not a money-making organization—our aims are very different. That is just as well, for we certainly did not make any money during this past season. As always, the audited financial statement for the year will be published in The Empire Club Year Book. At the moment I am unable to say whether we will be slightly in the black or slightly in the red. At any rate, the word to stress is "slightly"—and whether we end with a deficit or a surplus, the amount will be very small.

What is of greater concern is a slight drop in membership—2,217 members today as compared with 2,353 one year ago. This may be attributed partly to our recent increase in fees, and partly to transfers and departures from the city. It is evident that we must now, each year, take active steps early in our season to bring in new members to replace those who have departed by resignation or death.

The chief responsibility of your President rests, of course, in his function as Chairman of the Speakers Committee. I was ably assisted by a strong executive, and the twenty-nine meetings which we held throughout the year were interesting and, on the whole, well attended. Our speakers came from many countries and from various walks of life. On five occasions we joined hands with our good friends, the Canadian Club, and held large meetings at which we entertained the Honourable Jean Lesage, Premier of Quebec; William E. Williams, President of The Toronto Board of Trade; George Romney, President of American Motors; J. S. Duncan, Chairman of Ontario Hydro; and the Honourable Lester B. Pearson, Leader of Her Majesty's Opposition. Another highlight of the year was the induction of His Excellency Major-General George P. Vanier, our Governor-General, as Honorary President of The Empire Club. We were honoured by two distinguished British visitors, Lady Tweedsmuir and Sir Nutcombe Hume; and by prominent American business leaders, including Eric Johnston, President of the Motion Picture Association of America. Our guests included ambassadors and state representatives from South Africa, Germany, Belgium, India, and, today, from China. More than half of our visitors were Canadians occupying high posts in Federal and Provincial Governments, on the Bench, and in finance and industry.

I must now convey my thanks to all members of the executive and, in particular, to the Vice-Presidents and to the Chairman of each Committee for the valuable services they have rendered. It is your Board of Directors which is chiefly responsible for any slight success we may have had. There are 30 members of our Board as well as several honorary members and distinguished committee members; and to each of them, I convey my warmest thanks. We are grateful, also, for the valuable services of our Secretary-Treasurer, Mr. Vernon Hearst, Q.C., and we congratulate him on his forthcoming marriage. Our thanks also to Mr. Angus McKinnon, Manager of this great hotel, whose arrangements have always been above criticism. We are grateful, too, for the many services rendered by our distinguished Past Presidents, whom we honour today.

It is with a feeling of real regret, tinged perhaps with some relief, that today I step down from the honoured post of President of The Empire Club. I am grateful to you for the honour you gave me and for the constant regular support of so many of you. Now I have the honour to invite Mr. Harold Lawson, the very distinguished Past President of the Club who preceded me in office, and who is Chairman of our Nominating Committee, to make his report to you and to present the Committee's recommendations for your new President and Board of Directors.

HAROLD R. LAWSON: As chairman of the Nominating Committee, properly constituted in accordance with Article 6 (7) of the constitution, I have pleasure in moving that the following members be elected to the Board of Directors of the Club for the coming year:

Donald S. Anderson
Sidney E. Ashley
Ian S. Baxter
Douglas W. Best
John L. Bonus
Dr. Clarence B. Crummey
Alastair F. Down, O.B.E., M.C., T.D., C.A.
Sydney S. Fletcher
Lt.-Col. Sydney Frost, Jr., M.C.
Marvin B. Gelber
Harold G. Gillingham
Lt.-Gen. H. D. Graham, C.B.E., D.S.O., E.D., C.D., Q.C.
Hon. Paul T. Hellyer, M.P.
Grant Horsey
Rev. E. M. Howse, S.T.M., PH.D., DD.
William M. Karn
J. Palmer Kent, Q.C.
Arthur J. Langley
Harold R. Lawson
Lt.-Col. Bruce J. Legge, E.D., Q.C.
J. B. McGeachy
David G. C. Menzel
W. H. Montague, O.B.E., E.D.
Dr. James A. Parish
Z. S. Phimister, LL.D.
R. Ford Ralph
R. Bredin Stapells
Alexander Stark, Q.C.
J. Kenneth Williams, Q.C.
Russell J. Wood

Newcomers to the Board included in the foregoing list are Donald S. Anderson, General Manager, Ontario Division, The Royal Bank of Canada; Sidney E. Ashley, Assistant General Manager, The Imperial Bank of Canada; Alastair F. Down, President, The British Petroleum Co. of Canada Ltd.; Grant Horsey, President, Salada-Shirriff-Horsey, Ltd.; William M. Karn, Manager of Export Sales & Market Research, Electric Reduction Co. of Canada Ltd.; J. Kenneth Williams, General Counsel and Secretary, The National Life Assurance Company of Canada; and Russell J. Wood, Vice-President and Managing Director, The Imperial Life Assurance Company of Canada. We believe that the addition of these able young businessmen will add strength to the Board and enable the Club to meet more effectively the challenges of the day.

Members of last year's Board who are not running for re-election are Dr. C. C. Goldring, John W. Griffin, Norman D. Hogg, Arthur E. M. Inwood, Joseph McCulley, William S. Rutherford and James R. Smeed. On behalf of the Club, the Nominating Committee would like to express to all of them our warmest thanks for the service they have rendered so whole-heartedly to the Club in the past. Except for Brig. Rutherford, who has moved to Ottawa, we know that we can count on their continued active support in the years ahead.

In accordance with Article 6 (8) of the constitution, your Committee recommends to the Board the following slate of officers:

Honorary President—His Excellency Major-General Georges Vanier, D.S.O., M.C., C.D., the Governor-General of Canada
Honorary Secretary—Ernest Miles
Honorary Treasurer—Walter W. Comber, C.A
Secretary-Treasurer—H. Vernon Hearst, Q.C.
President—Z. S. Phimister
First Vice-President—J. Palmer Kent
Second Vice-President—Howard D. Graham
Third Vice-President—Arthur J. Langley

We are exceedingly happy that General Graham has agreed to accept the Second Vice-Presidency of the Club in spite of the heavy responsibility that he shouldered during the past year when he became President of the Toronto Stock Exchange. We are also grateful to Mr. Arthur Langley for his willingness to serve again as Third Vice-President, a position which he filled with his accustomed industry and with distinction during the past year.

Our nominee for the presidency, Dr. Z. S. Phimister, is the Director of Education and Senior Official of the Board of Education of the City of Toronto. He is a graduate in Arts of Queen's University and studied comparative education in the United Kingdom, Western Europe and Russia. For thirteen years he was a teacher, five years an inspector, thirteen years a superintendent, and more recently served as Director of Education of the city's public school system. In recognition of his achievements his alma mater has conferred on him the honorary degree of Doctor of Laws.

Dr. Phimister is Honorary President of the Metropolitan Toronto Branch of The League of the British Commonwealth and Empire, a member of the Canadian Education Association, the Metropolitan School Board Advisory Council, and many other organizations in the educational field. He is a very able speaker and is called upon many times each year to deliver addresses on educational and related topics.

He has been a member of the Empire Club and of its Board of Directors for many years, and has served as Chairman of both the Membership and Year Book Committees. By experience, loyalty and outstanding service to the Club he has proven himself the preeminent candidate for the presidency. The Nominating Committee is proud and honoured to recommend the election of Dr. Phimister.

THE EMPIRE CLUB OF CANADA, TORONTO, ONTARIO

REPORT AND ACCOUNTS

14th June, 1961

The President and Directors,
The Empire Club of Canada,
Toronto, Ontario.

GENTLEMEN,

We have examined the books and accounts of The Empire Club of Canada, Toronto, Ontario, and have prepared and attach a Statement of Receipts and Payments for the year ended 30th April, 1961.

We report thereon as follows:—

Membership Fees:

We are satisfied that, in total, all 1960-61 fees receivable from Members on record as in good standing as at 30th April, 1961, have been accounted for.

The Life Membership Fee received during the fiscal year 1961 of $100.00 has not been invested in Government Bonds as required by the Agreement reached at a meeting of the Officers and Committee Members of the Executive held on 15th April, 1953.

Membership Roll:

Following is a summary of the Membership Roll for the year:—

	Resident	*Non-Resident*	*Honorary and Life*	*Total*
Membership Roll as at 30th April, 1960	2,234	97	31	2,362
Net Increase or (Decrease)	(138)	(6)	1	(143)
	2,096	91	32	2,219

The Secretary-Treasurer has certified that the Roll as at 30th April, 1961 contained 2,219 Members as above.

Payments:

All payments made during the year were authorized by the Board of Directors.

Liabilities:

The President and Secretary-Treasurer of the Club have certified that there were no outstanding accounts as at 30th April, 1961.

Fidelity Bond:

Mr. H. V. Hearst, the Secretary-Treasurer, is bonded for $2,000.00.

Insurance:

Office Furniture is covered by a fire insurance policy in the amount of $725.00.

Acknowledgement:

We express our appreciation of the courtesy and assistance extended to us during the course of our audit.

Reported by,

H. T. JAMIESON, LEMAY & COMPANY,
CHARTERED ACCOUNTANTS,
Honorary Auditors.

THE ANNUAL FINANCIAL STATEMENT

RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH APRIL, 1961

Cash on Hand and in Bank 30th April, 1960				$2,559.45
Current Receipts:				
Membership Fees		$12,970.50		
Proceeds from Sale of Year Book		15.00		
Interest—Bank	$ 91.71			
—Bonds	180.00	271.71	$13,257.21	
Current Payments:				
Luncheon Expenses—net of proceeds of sale of tickets		$ 1,149.60		
Honorarium: Secretary-Treasurer		1,500.00		
Miscellaneous Expenses		448.82		
Music		280.00		
Printing, Stationery and Postage		3,817.38		
Printing 1959-60 Year Book		4,171.40		
Recording and Publicity		557.80		
Rent		240.00		
Speakers' Fees and Expenses		777.50		
Telephone and Telegraph		115.35	13,057.85	
Excess of Current Receipts over Current Payments				199.36
				$2,758.81
Life Membership Fees Received				100.00
Cash on Hand and in Bank as at 30th April, 1961				$2,858.81

We report that we have examined the books and accounts of The Empire Club of Canada, Toronto, Ontario, for the year ended 30th April, 1961 and have obtained all the information and explanations we have required and that, in our opinion, the above statement shows correctly the Receipts and Payments of the Club for the year ended 30th April, 1961.

In addition to the Cash Balance of $2,858.81 the Club held at 30th April, 1961, $4,000.00 Par Value Dominion of Canada 4½% Bonds maturing 1st September, 1983.

At 30th April, 1961 the Club was committed to publish the 1960-61 Year Book at an estimated cost of $4,200.00.

H. T. JAMIESON, LEMAY & COMPANY,
Toronto, Ontario. CHARTERED ACCOUNTANTS,
14th June, 1961. Honorary Auditors.

OFFICERS AND EXECUTIVE COMMITTEE

1961-1962

Honorary President: HIS EXCELLENCY MAJOR-GENERAL GEORGES VANIER, D.S.O., M.C., C.D., GOVERNOR-GENERAL OF CANADA

Officers:

President: Z. S. PHIMISTER
First Vice-President: J. PALMER KENT, Q.C.
Second Vice-President: LT. GEN. H. D. GRAHAM, C.B.E., D.S.O., E.D., C.D.
Third Vice-President: ARTHUR J. LANGLEY
Secretary-Treasurer: H. VERNON HEARST, Q.C.
Honorary Secretary: ERNEST MILES
Honorary Treasurer: W. W. COMBER, C.A.
Honorary Auditor: H. T. JAMIESON, F.C.A.

Executive Committee

DONALD S. ANDERSON
SIDNEY E. ASHLEY
IAN S. BAXTER
DOUGLAS BEST
JOHN L. BONUS
DR. CLARENCE B. CRUMMEY
ALASTAIR F. DOWN, O.B.E., M.C., T.D.
S. S. FLETCHER
LT. COL. C. SYDNEY FROST, JR., C.D., Q.C.
MARVIN B. GELBER
HAROLD G. GILLINGHAM
HON. PAUL T. HELLYER, M.P.
GRANT HORSEY
REV. E. M. HOWSE, S.T.M., PHD., D.D.
WILLIAM M. KARN
J. B. MCGEACHY
DAVID G. C. MENZEL
DR. JAMES A. PARISH
R. FORD RALPH
R. BREDIN STAPELLS
J. K. WILLIAMS, Q.C.
R. J. WOOD

Immediate Past President

ALEXANDER STARK, Q.C.

Past Presidents

HAROLD R. LAWSON
LT. COL. BRUCE J. LEGGE, E.C., Q.C.
LT. COL. W. H. MONTAGUE, O.B.E., E.D.

CONSTITUTION

INSTITUTED 1903

THE OBJECT OF THE CLUB IS THE ADVANCEMENT OF THE INTERESTS OF CANADA AND A UNITED COMMONWEALTH AND EMPIRE

Organization of the Club and Branches

Art. 1.—(1) The organization shall be called The Empire Club of Canada.

(a) "The purposes and objects of the Club shall include the consideration and discussion of subjects and events affecting the interests of the British Commonwealth and Empire and the promotion of unity among the nations and members within the British Commonwealth and Empire.

(2) Branches of the club may be established with the authority of the Executive Committee, and subject to such conditions and regulations as may from time to time be decided upon by the Club in Toronto.

(3) A committee may be appointed under the provisions of sub-section 2, article 1, for the establishment of branches of the Club, and the word "Unit" shall denote a Branch.

Classes of Members

Art. 2.—The Membership of the Club shall consist of

(a) Active Resident Members,
(b) Non-Resident Members,
(c) Life Members,
(d) Honorary Members,
(e) Associate Members,
(f) Corporate or Sustaining Members.

All members must be of the full age of sixteen years, and members of classes (a), (b), (c), (d) and (f) must be British subjects.

Active Resident, Non-Resident and Associate Members

Art. 3.—(1) Candidates for Active Resident, Non-Resident and Associate Membership shall be proposed and seconded by two members of the Club in good standing, and shall be elected by a two-thirds majority of those present at any meeting of the Executive Committee.

(2) Subject to sub-section 4 of this article Active Resident, Associate, Non-Resident and Life Members shall pay respectively such annual fees as may be fixed from time to time by the Board of Directors, and no member in arrears for fees shall be considered in good standing or be eligible for office.

(3) Associate members shall not have the privilege of voting or holding office.

(4) Members whose applications for membership are received after the first day of April in any year shall pay one annual fee only in respect of the period from that time till the 30th day of September in the following calendar year.

Life Members

Art. 4.—(1) Members of the Club in good standing, and other persons regularly proposed and accepted, may be created Life Members of the Club by a two-thirds majority of those present at a meeting of the Executive Committee.

(2) Life Members shall pay a fee of $75.00 in one sum.

Honorary Members

Art. 5.—(1) Honorary Members may be elected upon the recommendation of the Executive Committee, and at a general meeting of the Club.

(2) Honorary Members shall be exempt from the payment of fees, but shall not have the privilege of voting or holding office.

Corporate or Sustaining Members

Art. 5A—Any company, partnership or business organization shall be eligible for election as a Corporate or Sustaining Member. Applicants shall be proposed by two Active Resident Members of the Club in good standing and the application shall contain the name and position of the Officer nominated by the Applicant as its Candidate for membership. The Applicant and its Nominee shall be elected by a two-thirds majority of those present at any meeting of the Executive Committee. A Sustaining or Corporate Member shall pay an annual fee of $50.00 which shall include the fee of its representative member.

Officers to be Elected

Art. 6.—(1) The business of the Club shall be managed by a Board of Directors who may exercise all such powers and do all such acts and things that may be exercised or done by the Club and are not by the constitution or by statute expressly directed or required to be done by the Club at a general meeting of its members.

(2) The Board of Directors shall consist of 30 members of the Club who shall be elected annually at a general meeting held not later than April 30th in each year.

(3) The Board of Directors may include seven past presidents of the Club, one of whom shall be the immediate past president and three others shall consist of the three past presidents immediately preceding the immediate past president, if they are available and willing to act as directors.

(4) The Board of Directors shall meet as soon as convenient after their appointment for the purpose of appointing the officers of the Club (except the auditor or honorary auditor), for the year ending on April 30th but each officer shall continue in office until his successor is elected.

(5) The officers shall consist of an Honorary President, President, first, second and third Vice-presidents, Honorary Treasurer, Honorary Secretary, a Secretary-Treasurer, and if considered necessary by the Directors, an Assistant-Secretary, an Assistant Treasurer and an Honorary Auditor. The Honorary President, the Honorary Treasurer, the Honorary Secretary, the Secretary-Treasurer and the Honorary Auditor are not required to be Directors of the Club.

(6) In the event of any vacancy occurring in the office of Director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

(7) The election of the members of the Board of Directors at a general meeting called for that purpose shall be by adoption of a resolution proposed by the chairman or acting chairman of a nominating committee. The nominating committee consisting of five members of the Board of Directors and four other members of the Club shall be appointed by the Board of Directors and approved at a regular or special meeting of the Club not less than four and not more than six weeks before the Annual Meeting. The Chairman of the Nominating Committee shall report the recommendations of that committee to the Annual Meeting. If nominations do not exceed the number of Directors necessary, the Chairman of the Meeting may instruct the Secretary-Treasurer, to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the Chairman to have been duly elected.

(8) The Nominating Committee shall recommend to the Board of Directors the proposed officers of the Club for the ensuing year, except the auditor or honorary auditor, and shall report their recommendations to the Annual Meeting, and the auditor or honorary auditor shall be elected at each Annual Meeting.

(9) Standing Committees shall be appointed as follows:

(a) Budget and Finance Committee.
(b) Speakers' Committee.
(c) Membership Committee.
(d) Constitution Committee.
(e) Luncheon and Reception Committee.
(f) Publicity Committee.
(g) Year Book Committee.

Filling of Vacancies Among Officers

Art. 7.—In the event of an office becoming vacant by death, resignation, or otherwise, the vacancy thus caused shall be filled by the Executive Committee and the person so chosen shall hold office until the next Annual Meeting.

Duties of Officers

Art. 8.—The duties of the Officers shall be those customary to such positions in similar organizations.

Holding of Meetings

Art. 9.—(1) The Club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as from time to time may be decided upon.

(2) At the Annual Meeting a report of the year's proceedings and work shall be submitted by the President, and this report shall be accompanied by an interim report from the Treasurer. An audited statement of the finances of the Club for the full financial year shall be published in the Year Book.

Notice of Meetings

Art. 10.—Written or printed notices of all meetings shall be given to the members of the Club. Such notices shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto.

Quorum at Meetings

Art. 11.—Fifteen members in good standing shall constitute a quorum at any meeting of the Club, general, annual or special, and the presiding officer shall have a casting vote. Nine members shall form a quorum of the Executive Committee.

Limitation of Business at General Meetings

Art. 12.—No business other than the hearing of the addresses and notices of motion shall be introduced at any meeting of the Club, unless it has been submitted to the Executive Committee and received its approval.

Calling of Special Meetings

Art. 13.—Meetings of the Executive Committee shall be called by the President, or on a requisition signed by three of its members. Special meetings of the Club may be called by the President, and shall be called by him on a requisition signed by twelve members and stating the object of the meeting. This object shall be stated in the notice calling the special meeting.

Financial Year

Art. 14.—The Financial Year of the Club shall begin on the first day of May in each year and end on the thirtieth day of April in the year following.

Amendments to Constitution

Art. 15.—This Constitution may be amended at the Annual Meeting, or at a special meeting called for that purpose, subject to a two thirds majority vote of the members present.

MEMBERSHIP

as at May 20, 1961

LIFE MEMBERS

Allan, William N.
Bruce, Hon. Dr. Herbert
Clouse, F. L.
Cobham, Arthur H.
Cosens, Gordon G.
Eaton, Donald L. H.
Gardiner, F. G., Q.C.
Gibson, D. H., C.B.E.
Gordon, Crawford Jr.
Hough, Thomas Edward
Johnston, Wm. D.
Maher, James P.
Murdoch, J. Y., Q.C., LL.D.
Ridley, John B.
Roman, Stephen B.
Rosen, Allen E.
Sandy, J.
Scythes, J. A.
Smeed, J. R.
Suchorab, S. A.
Sullivan, Hon. Dr. J. A.
Thomson, Garth O.
Thomson, K. R.
Tindall, H. B.
Watkins, Wm. B.
Wilson, Col. J. E.

HONORARY MEMBERS

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Griffiths, F. D.
Grimbly, Maurice
Grosberg, Charles A.
Grose, George W.
Gross, Harold
Gullen, F. C.
Gullett, Dr. D. W.
Gundy, C. L.
Gunn, Major General John A.
Gunn, Robert F.
Gunyon, C. Cecil

Hadden, Eugene R.
Hagon, W. A.
Hahn, George
Hall, Lt.-Col. I. C.
Hall, William
Halls, Peter E.
Halsey, P. J.
Hambly, Herbert
Hambly, Samuel G.
Hamilton, John B., M.P.
Hancocks, Oliver
Hanna, Wm. B.
Harbinson, V. D., F.C.A.
Harcourt, Major R. M.
Harding, John L.
Hargraft, George M.
Hargraft, W. M.
Hargreaves, Roy
Harper, Henry G.
Harper, R. J.
Harpham, Horace
Harrington, Dr. Paul
Harris, Edward L.
Harris, William B.
Harris, W. C.
Harrison, Kenneth J.
Harrison, Wm. H.
Harvey, J. B.
Harvey, Warren G.
Harvey, Dr. W. J.
Hastings, C. E.
Hatton, Rev. Noble
Hatton, Wm. T.
Hawes, Fred J.
Hay, Frank
Hayden, Hon. Salter A., Q.C.
Hayes, Barry B.
Hayes, B. P.
Hayes, John D.
Hayman, J. L.
Hayward, A. P.
Hayward, Chester G.

Hawke, J. H.
Hawken, J. B.
Heal, R. F.
Hearn, Dr. Richard
Hearst, H. V., Q.C.
Heath, L. B.
Hellyer, Paul T., M.P.
Helm, Clifford T.
Hendershot, F. D.
Henderson, D. C.
Henderson, J. C.
Henderson, John J.
Henderson, R. G.
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Henderson, W. R.
Henry, Charles J., M.P.
Henry, E. F. L.
Henry, Edwin M.
Henson, R. C. C.
Henty, Sterndale
Hermant, Sydney
Heron, Matthew W.
Herrmeyer, C. F.
Herz, H.
Heywood, Dr. Peter M.
Hickey, Winston E.
Hicks, M. R.
Hicks, P. A.
Hicks-Lyne, Col. R. T. E.
Hickson, Donald E.
Highmoor, C. K.
Hill, F. W.
Hill, John D.
Hill, Richard M.
Hill, Roy C.
Hill, Wm. S.
Hillmer, R. W.
Hines, W. James
Hinton, D. R.
Hinton, Lloyd
Hiron, Allan F.
Hobson, A.
Hodgson, Lorne
Hoffman, Charles C.
Hogg, Lt.-Col. N. D., M.B.E., E.D.
Hogton, A. E.
Holditch, Ross O.
Holford, Wm. D.
Holland, Douglas F.
Holland, Graham H.
Hollenbeck, R. A.
Holmes, Hartley R.
Holmes, M. W.
Holmes, Noel
Holt, M. O.
Hooker, Edwin R. K.
Hopkins, Howard
Hopkins, Percy E.
Hore, John E.
Horlock, Robert P.
Horner, David K.
Horsey, Grant
Hough, Jack
Houghton, P. J.
Houghton, W. R.
Houston, Wm. F.
Howard, A. L.
Howard, Benson C.
Howard, G. S.
Howe, Lloyd G.
Howey, Major Charles B.
Howland, Wm. G. C.
D.D.
Howse, Rev. E., S.T.M., PH.D.,
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Hudgins, V. J.
Huffmann, George E.
Huffmann, Karl
Hughes, H. E.
Hughes, J. Edward
Hughes, John A.
Hughes, R. A.
Hugill, Albert E.
Hugill, W. M.
Hull, Robert J.
Hull, Rodney
Hulton, William S., C.A.
Humphrey, Charles S.
Humphries, W. R. B.
Humphris, John
Hungerford, J. G.
Hunnisett, E. A.
Hunt, A. T.
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Hunt, W. E. Harvey
Hunter, B. Pepall
Hunter, E. Norval
Hunter, H. B.

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Huston, J. A.
Hutchinson, J. D. H.
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Hyland, Nelson A.
Hynes, G. E.

Ingham, W. T.
Inkster, L. A.
Innes, J. S.
Inwood, Arthur E. M.
Irving, J. D.
Irving, Thomas G.
Irwin, John K.
Irwin, H. L.
Irwin, O. Ross
Irwin, Wallace

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Jacob, E. R.
Jacques, Rev. Canon E.
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Jaffey, J. M.
Jaffray, P.
James, T. B.
Jamieson, H. T., F.C.A.
Jamieson, John D.
Jamieson, J. M.
Jansen, Werner
Jardine, R. G.
Jarvis, Albert
Jeanneret, Dr. F. C.
Jeffers, Wellington J.
Jeffery, W. H.
Jeffrey, P. G.
Jenkins, John S.
Jenner, K. D.
Jennett, Lorne B.
Jenney, H. B.
Jennings, M. R.
Jennings, I. L.
Jennison, George Leslie
Jephcott, Dr. C. M.
Jephcott, Gerald, F.C.A.
Johnson, Rev. Albert
Johnson, Dr. Joseph
Johnson, Sidney
Johnson, Lt.-Col. Baptist, O.B.E., V.D.
Johnston, Erskine B.
Johnston, J. C.
Johnston, John I.
Johnston, John S.
Johnston, T. S.
Jolliffe, Lt.-Col. W. H.
Jones, Rev. A. W.
Jones, E. L.
Jones, Oakah L.
Jones, R. E.
Jones, R. Walden
Jones, Terence L.
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Joyce, Wallace R.
Jupp, Donald H., O.B.E.

Karn, Wm. M.
Kasman, B. H.
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Kasman, S. M.
Katakami, Ichiro
Kay, George W. B.
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Kaye, Alex. B.
Kaye, J. N.
Keaveney, Derek G.
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Keeler, L. A.
Keenan, J. S.
Keith, I. C.
Kellow, Ralph S.
Kench, C. A.
Kenney, Telford Vanburgh
Kenny, M. K.
Kent, James Palmer, Q.C.
Kent, Kenneth
Kent, T. Douglas
Kenton, Rolf
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Kernaghan, K. W.
Kerr, Rev. D. M.
Kerr, John E., Q.C.
Kerr, J. W.
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Kerr, P. Gordon J.
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Kerr, W. R.
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Kert, Sheldon
Keyes, Gordon
Keys, Norman A., Q.C.
Kidd, David
Kinahan, John W.
Kindersley, C. M.
King, Edward O.
King, R. H.
King, T. A.
Kinghorn, A. A.
Kingsbury, E. D.
Kingsmill, A. S.
Kinnear, T. Clark, F.C.A.
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Kitchen, Dr. Irving D.
Kitchen, Rev. Sterling J.
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Lacey, Rev. E. C.
Lackie, H. C.
La Ferle, Charles
Laffey, James V.
Laidley, Kenneth R.
Laing, G. Blair
Lambert, A. T.
Lampert, H.
Lamport, Allan A.
Land, Gordon W.
Landreville, Hon. Justice L. A.
Lane, F. E.
Lane, K. E.
Langer, R. J.
Langley, Arthur James
Large, Peter K.
Larmer, R. K.
Larry, Leo J.
Lascelles, G. A.
Laski, Dr. Bernard, M.D., F.R.C.P.
Latimer, H. B.
Laughlen, G. A.
Laughlin, J. E.
Laughlin, K. D.
Laurin, C. J.
Lavine, Arthur
Lawer, John V.
Lawlor, J. P.
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Lawrie, Donald L.
Lawson, Frank G.
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Lawson, L. W.
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Lawson, M. B. M.
Laxton, Edward
Lay, Harry M.
Leake, G. Ray
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Leal, H. Allan, Q.C.
Leblanc, H. M.
LeCapelain, R. R.
Leck, R. H.
Leckey, R. G.
Leckey, Robert H.
Lee, Edward A.
Legge, B. J.
Legge, W. R.
Legrow, Rev. A. G.
Lehberg, F. H.
Leibel, Dr. Bernard
Leibel, William
LeMay, R. T. M., C.A.
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Lennard, Gordon H.
Lennie, E. D.
Leonidas, G. J.
Levenston, Lt.-Col. G. F.
Lever, Harold
Levinter, B. V.
Levinter, Isadore, Q.C.
Levy, Mark A.
Levy, Mort L., C.L.U.
Lewis, Dr. A. C.
Lewis, John M.
Lewis, Richard G.

Lewthwaite, R. G.
Libman, Ben
Lillie, R. J.
Lillyman, Reginald
Lind, W. H.
Lindsley, T.
Linklater, James Wm.
Linney, H. J.
Linstead, Rev. H. C.
Linton, Hall
Lipsit, E. C.
Liptrot, R. E.
Liscombe, Wm. L.
Lister, M. Parker
Little, F. M.
Livingston, J. A.
Livingston, Wm. R.
Lizotte, Charles J.
Lloyd, Trevor
Lofquist, J. C.
Loftus, R.
Loftus, S.
London, Norman H.
Long, A. J. M.
Long, Norman W.
Longmore, D. E.
Lovering, His Honor Judge Egerton
Lovett, J. H.
Lucas, F. O.
Lucas, Gordon T.
Lumbers, G. C.
Lundy, R. J.
Lundy, Stanley
Lush, H. V.
Lutton, T. G.
Luxenberg, Benjamin, Q.C.
Lyndon, Patrick
Lyons, E. C.
Lyons, John W.

Mabley, C. B.
MacDiarmid, Kenneth H.
Macdiarmid, W. J. G.
MacDonald, Arthur A.
MacDonald, Donald C., M.P.P.
MacDonald, H. T.
MacDonald, I. K.
MacDonald, J. K.
MacDonald, Murdoch K.
Macdonnell, H. W.
Macdonell, Rex B. G.
MacDougall, W. Murray
MacEachern, Gordon A.
MacFadyen, W. T. A.
MacFarlane, Donald A.
MacFarlane, Dr. J. A.
MacFarlane, W. S.
MacKay, Justice F. G.
Macintosh, J. M., Q.C.
MacKelcan, Fred R.
MacKenzie, B. R. P.
MacKenzie, D. Rae
MacKerrow, Robert
MacKersy, L. S.
Mackie, Ernest B.
Mackie, R. A.
MacKinnon, Angus P.
MacKinnon, Dr. A. R.
MacKinnon, Peter B. L.
MacLaren, Ian
Maclean, Hugh J.
MacMillan, Dr. R. J.
Macnaughton, Alex, Q.C.
Macphee, Norman
MacPherson, Donald S.
MacWhinney, Wm. R.
Maedel, Clare W.
Magi, M. I.
Magwood, W. Marsh, Q.C.
Mainguy, Vice-Admiral E. R.., O.B.E., C.D.
Mair, Mace, O.B.E.
Maize, Wm. P.
Male, W. Harold
Maltby, J. N.
Mancantelli, Robert J.
Mann, Wm. H.
Manning, G. L.
Manning, J. R.
Mansfield, S. J.
Manton, Frank
Marchant, C. R.
Marchment, W. R.
Mark, Bernard B.
Mark, Howard S.
Markton, K. L.
Marley, Major E. H., M.B.E., T.D.
Marsden, G. R. C.

Marshall, Ernest A.
Marshall, G. Murray
Marshall, Hilary
Marshall, Col. K. R.
Marston, A. H.
Martens, I. J.
Martin, A. S.
Martin, C. C.
Martin, J. C.
Martin, J. M.
Martin, Walter M., Q.C.
Martyn, H. L.
Mason, J. A.
Mason, V. K.
Mason, Wm. R.
Massie, Major J. H. C.
Massie, R. H. L.
Mather, J. J.
Matheson, Rev. A. Dawson, D.D.
Matthews, A. Bruce,
Matthews, Brig. F. Beverley, C.B.E., Q.C.
Matthews, Donald
Matthews, Frederick J.
Matthews, James G.
Mathews, Norman L., Q.C.
Matthews, Wilfrid E.
Maybee, W. E.
Maynard, J. C.
Mayo, George F. M.
Mayson, I. A.
Mayzel, Harry
Mayzel, Louis
Mazzoleni, Dr. E.
McAfee, Raymond E., C.A.
McAvoy, Louis Peter
McBain, Alex Mc.D.
McBride, Ernest W.
McCabe, V. J.
McCaffrey, E. R.
McCamus, W. H.
McCann, Fred V.
McCarthy, D'Alton
McCarthy, John
McCartney, W. S.
McCaul, L. F.
McCausland, Gordon A.
McCausland, J. K.
McClellan, L. A.
McClure, G. Chester
McCombe, C. Jefares
McConnell, J. E. Jr.
McCormack, T. G.
McCraw, D. F.
McCready, Emmerson J.
McCulley, Joseph
McCullough, J. L.
McCullough, John C.
McCully, Joseph E.
McCutcheon, M. W.,
McCutcheon, W. L.
McDermid, Peter A.
McDonald, D. F.
McDonald, W. H.
McDonough, John E.
McDougald, J. A.
McDougall, R. G. M.
McEachern, C. D.
McEachern, John M.
McEachern, R. A.
McEinen, A. V. M., C.M.
McEwen, Gordon C.
McGeachy, J. B.
McGill, Cecil D. O.
McGillawee, Ross
McGillion, F. B.
McGillivray, Justice George A
McGillivray, T. A.
McGinnis, Lt.-Col. J. A.
McGowan, H. S.
McGowan, L. J.
McGrath, Rev. A. S.
McGregor, I. R.
McGuinness, M. B.
McInnes, Edgar
McIntosh, Donald A.
McIver, Murdoch
McKay, W.
McKay-Clements, J. L.
McKee, Dr. James A.
McKee, John A.
McKee, John W.
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McKinnon, N. J.
McKnight, J. G.
McLachlan, W. R.
McLaren, A. W.
McLacalan, W. Ian
McLaren, D. H.
McLaren, W. O.

McLaughlin, Paul
McLean, J. R.
McLeod, Dr. Alex. N.
McLeod, W. N.
McMahon, Hugh W.
McMechan, J.
McMehen, C. G.
McMillan, Edwin
McMillan, G. A.
McMillan, Rev. Kenneth G.
McMillan, N. L.
McMillen, John B.
McMurrich, R. G.
McMurtry, W. G. Warren
McNair, F. A. R.
McNair, R. A.
McNamara, John P.
McNeil, S. R. R.
McNeil, W. G.
McNicol, J. A.
McParland, Donald J.
McPherson, R. S., F.C.A.
McQillin, C. W.
McRae, Dr. Colin A.
McRae, Ian F.
McTague, Hon. C. P., Q.C., LL.D.
McTavish, C. E.
McTeer, George S.
McVey, Roy A.
McWhirter, J. T.
Medland, J. A.
Medland, Michael R.
Medland, T. J.
Medland, Col. T. R.
Meech, R. G., Q.C.
Megginson, Clifford
Memminger, R. B.
Menzel, D. G. C.
Menzies, Harold
Meredith, J. W.
Merson, Bert
Mess, Brigadier James
Messer, Harry W.
Mewhort, D. S.
Michel, Werner K.
Michell, C. A.
Middleton, John G., Q.C.
Middleton, V. A.
Might, P. G.
Miles, Ernest

Millar, R. V.
Miller, Andrew
Miller, G. C.
Miller, G. W.
Miller, I. Lee
Miller, J. A. F.
Miller, James C.
Miller, T. D.
Mills, Dr. Clarke
Mills, George Eaton
Mills, H. C.
Mills, P. H., Q.C.
Minden, Harold
Milne, Howard
Minkler, Dr. F. W.
Mist, Charles F.
Mitchell, A. N.
Mitchell, A. R.
Mitchell, E. R.
Mitchell, Dr. E. W.
Mitchell, John F.
Mitchell, N. Albert
Mitchell, R. W.
Mitchell, William G.
Moffat, D. R.
Moffat, Norman D.
Moles, E. M.
Monier, Jean B.
Monkman, Harry H.
Monks, R. C.
Monson, Rabbi David
Montague, Lt.-Col. W. H., O.B.E.
Montgomery, Dr. Robert C.
Moon, A. M.
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Mooney, K. D.
Moore, Allan A.
Moore, E. M.
Morden, W. D. S.
Morgan, E. Burtch
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Morgan, Major J. R. H.
Morgan, Marcel T.
Morison, D. W.
Morley, Frank
Morris, J. B.
Morrison, D. M.
Morrison, Russell W.
Morrison, Wm. H.
Morrow, John A.

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Morton, M. D.
Morton, Brig., R. E. A., D.S.O., C.D., LL.D.
Moser, Wm. S.
Mudie, Hubert C. P.
Mugford, Sidney H.
Muir, Lt.-Col. Chas A.
Muir, L. R.
Muirhead, James
Muirhead, W. T.
Munn, Charles H.
Munroe, Marshall E., Jr.
Murden, K. G.
Murhpy, A. P.
Murphy, P. H.
Murphy, Thomas H.
Murray, D. C.
Murray, Major Gladstone
Murray, Parkyn Ian
Musson, Chas. J.
Myers, Rev. A. J. W., B.D., PH.D.
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Napier, Ernest J.
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Neale, John H., D.C.
Neary, Bernard F.
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Nesbitt, Russell, Q.C.
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Nettelfield, J. P.
Newbolt, J. S., C.A.
Newman, Harry A.
Newman, Jose L.
Newman, T. C.
Newport, W. R.
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Nickle, Hon. W. M., Q.C., M.C., M.B.E., M.P.P.
Nicks, F. W.
Nightingale, George F.
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Nixon, J. R.
Norrington, H. W.
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Northway, John H.
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O'Connor, W. M.
O'Donnell, Rev. B. A.
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O'Hea, B. M. P.
Oliver, P. W.
Olver, A. S.
Omand, J. N.
O'Neill, H. T.
Orenstein, Samuel L.
Orliffe, Herbert
Ormonde, George E. B.
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Osborne, Col. J. Ewart
Osborne, M. W.
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Osler, B. B.
O'Sullivan, J. P.
Osler, G. S.
Oulster, W. J.
Ovens, Col. F. N.
Ovens, G., D.F.C., C.P.A.

Paddle, Leslie Harold
Page, Nelson L.
Page, William A.
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Palm, William H.
Parish, Dr. James A.
Parker, Hugh B.
Parker, John F.
Parkinson, R. M.
Parks, Capt. Arthur H.
Parnell, John A., O.B.E.
Parr, Rev. R. H.
Parry, W. W., Q.C.
Parsons, Norman
Partridge, W. T.

Paterson, A. S.
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Paton, David S.
Paton, S. T.
Patten, Edward
Patterson, Major W. E.
Pattison, W. S.
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Patullo, Murray
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Paul, George
Paulson, M. T.
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Peacock, H. Charles
Pearce, N. C.
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Pepper, P. B. C.
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Phillips, Edwin C.
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Phimister, Z. S.
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Pickup, J. D.
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Pike, Harry A.
Pilarek, Paul
Pilis, C. F.
Pilling, Herbert
Pink, J. W.
Pinker, Rev. Martin W., O.B.E.
Pitt, Arnold
Pittis, Paul R.
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Plant, John W.
Plantner, J. F.
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Pollock, Harry J.
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Poole, W. J.
Pouley, F. W.
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Porter, Donald S.
Porter, J. D., B.COM., C.A.
Porter, W. G.
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Poulson, Andrew
Pounsett, F. H. R.
Powley, B.
Poyntz, A. R.
Pratt, Prof. E. J.
Pratt, J. P., Q.C.
Pratt, Roger B.
Pratt, W. J.
Prentice, Magistrate John L., Q.C.
Prentice, Victor F.
Prentice, W. M.
Prentis, E. D.
Price, Harry I.
Price, Peter M., P.ENG.
Price, Vincent, Q.C.
Price, Lieut.-Col. W. H.
Priddle, Roger
Prince, H. R.
Prior, Donald R.
Prior, Rev. Wm.
Pritchard, H. S.
Proctor, John S.
Proverbs, C. I.
Prowse, Russell A.
Pullan, Harry
Purcell, Gillis
Purdy, Dr. Vernon W.

Rabnett, Basil
Radcliffe, N. D.
Rae, Robert
Raleigh, Robert C.
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Ramey, P. Alex.
Ramsay, Victor R.
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Ransom, A. C.
Rapmund, J. L.
Rawson, George H.
Ray, Louis W.
Rea, Charles E.
Reason, J. F.
Rechnitzer, E. V.
Rector, Luther G.
Reddrop, F. O.
Redford, Wm. J.
Redrupp, R. J.
Reeb, H. E.
Rees, S. L.
Reeves, E. H.
Regan, Major N. H., M.B.E., C.D.
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